



**THE MOTOR
OMBUDSMAN**

Independent Compliance Assessment Panel (ICAP)

Annual Compliance
Report 2020

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TheMotorOmbudsman.org

Managing Director and Chief Ombudsman's foreword



Bill Fennell
Managing Director

A handwritten signature in black ink, appearing to read 'Bill Fennell', with a horizontal line underneath.

The arrival of the Coronavirus pandemic in 2020 changed the face of the economy, affected livelihoods, and took thousands of lives across the country. Many sectors were impacted by the resulting downturn, with UK automotive being no exception. Lockdowns and other tiered restrictions brought in by government to help stem the spread of COVID-19 meant that vehicle retailers had to close their doors, which saw footfall and car sales decline considerably throughout the year. In the service and repair sector, MOT expiry dates were extended for six months, changing the long-established peaks and troughs in demand, whilst social distancing was introduced across the board, causing businesses to change the way that they interacted with customers.

In the middle of March, when the first stay at home order was unveiled, we went from a fully centralised Westminster-based team, to one that operated remotely, literally overnight. The transition to this new way of working was, encouragingly, made with no interruption to our services for accredited businesses and consumers, thanks to the hard work of colleagues and the cloud-based phone and case management systems which were already in place.

With the move to home-based working for the entire organisation, it was a priority to make sure that all employees had the right equipment and desk setup to do their job effectively, whilst a focus was also placed on the development of several wellbeing initiatives. This was especially important for those individuals who had less social interaction and felt more isolated, as well as for members of staff who had to work in the home environment whilst juggling family and childcare commitments. On the whole, it remained a busy 12 months for everyone, with even more cases being passed to adjudicators, namely 6,220 in 2020 versus 6,114 in 2019. However, we saw a 14% decline in the volume of contacts to around 78,000, compared to nearly 91,000 the previous year, a knock-on effect of the nationwide lockdowns.

Nevertheless, despite the backdrop of a more challenging business environment, we remained committed to our programme of ongoing investment in both our staff and back office infrastructure, which drove further efficiencies in

our service, and an increase in the volume of cases that were worked on.

From a consumer perspective, we introduced a new customer service tracker to allow the more effective evaluation of satisfaction levels at each stage of our dispute resolution process. On the subject of satisfaction, we witnessed a significant 59% year-on-year drop in the level of consumer complaints that we received about our service, falling from 87 in 2019 to a total of 36 in 2020.

Similarly, for our accredited businesses, we launched data analytics tools to provide them with a greater insight into the issues giving rise to consumer contacts and cases, as well as more detailed feedback as to where they performed well and, where internal procedures could potentially be improved.

An impact of social distancing rules was that our Independent Compliance Assessment Panel came together with members of our dispute resolution team in a virtual setting, rather than a face-to-face one, on three separate occasions during the year. During these meetings, case decisions were evaluated for impartiality and fairness based on the facts presented by consumers and businesses, and I am pleased to report that the Panel was very satisfied with the outcomes that were delivered.

Furthermore, in 2020, we were also delighted to strengthen the Panel with the addition of Kate Hobson from Citizens Advice, and I would personally like to thank her and the other Panel members for their valuable contribution and hard work during what was a challenging period for all.

Looking ahead to 2021, it is clear that we will still be contending with the “new normal”, but it is how we continue to adapt and grow our organisation according to the environment in which we operate that will remain a crucial element of our activities as we go forward. As part of a number of new and exciting initiatives set to go live next year, we will continue to upgrade and develop our IT systems to further streamline our dispute resolution process, thereby speeding up the time it takes to provide case outcomes. This will be complemented by the expansion of our dispute resolution team through the recruitment of additional staff members, so as to ensure the delivery of the very highest level of service and work to all of our stakeholders during the course of 2021 and beyond.

ICAP Chairman's foreword



Tim Milsom
ICAP Chairman



My role as Chairperson of the Panel has continued to be focused on ensuring that the decisions made by The Motor Ombudsman are timely, fair and impartial, and adhere to our rules of transparency, fairness, professionalism and communication contained in our quality assessment framework.

Despite 2020 being unlike no other year in recent times, we have further refined and improved our scrutiny and assessment procedures to promote the Panel's effectiveness.

COVID-19 has impacted everyone both personally and in business, thus I would like to commend both The Motor Ombudsman and the Panel for their commitment and hard work to ensure that they provided the highest level of professionalism and service in what was a very unconventional operating environment.

We look forward to more normal times, and stand ready to help and support both consumers and the industry in the coming months, adapting to whatever is required, be it COVID-19, Brexit or changing vehicle technology.

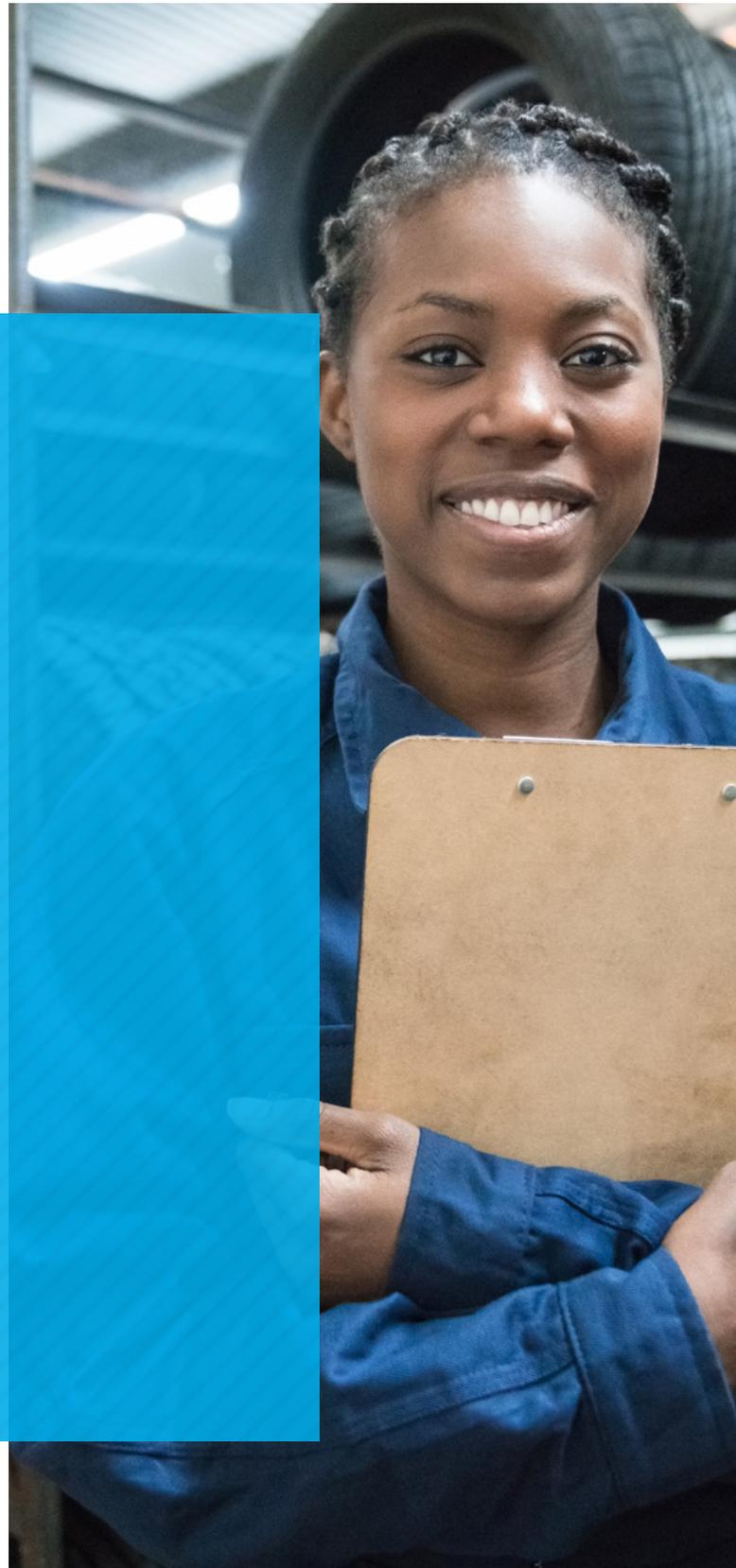
We were also very pleased to welcome Kate Hobson to the Panel at the start of the year, and we always value the expert input and the fresh perspective brought by new members.

The following annual compliance 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)
- 1.2 The Motor Ombudsman
- 1.3 Annual consumer and business survey results



“The Panel is tasked with monitoring the effectiveness of The Motor Ombudsman.”

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
ICAP 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 Chairperson.



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 of 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.



Kate Hobson

Kate has been involved in consumer advice since 2002 when she joined West Yorkshire Trading Standards Service as a consumer adviser. She led a team of consumer advisers in the Yorkshire and Humber Consumer Direct contact centre between 2004 and 2009, when she moved to quality assurance of advice within Consumer Direct. The Citizens Advice consumer service replaced Consumer Direct from 1st of April 2012, and Kate moved to Citizens Advice, where she

began monitoring performance and quality of contact centres, and then transferred to subject matter expertise. Focusing on consumer protection law and industry specific protections for energy and post, the priorities of Kate's current role are to research anything that affects advice given to consumers and accuracy check Citizens Advice online consumer content, adviser learning materials and campaign resources



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

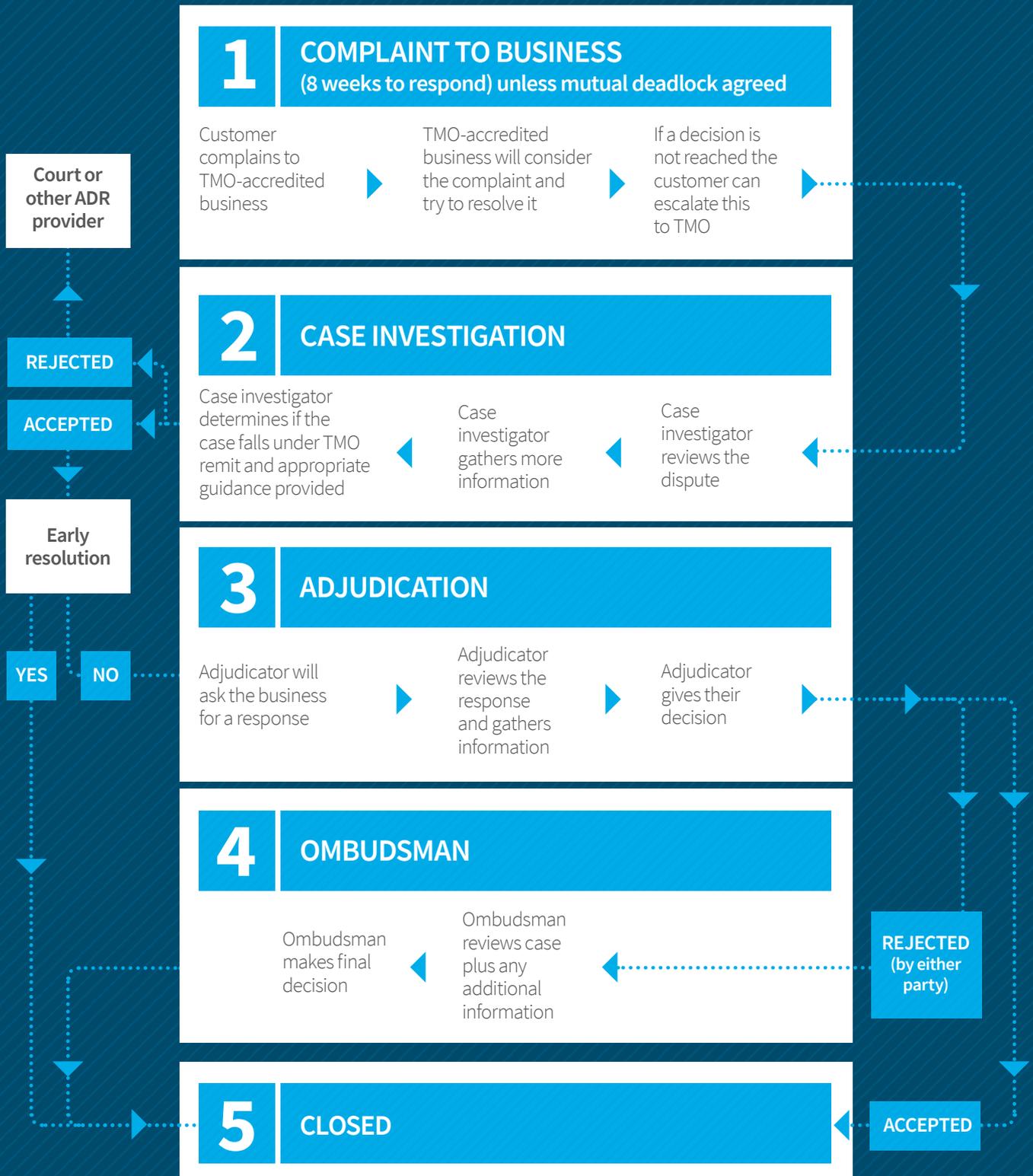
The Motor Ombudsman is the automotive dispute resolution body. Fully impartial, it is the first ombudsman to be focused solely on the automotive sector, and self-regulates the UK's motor industry through four comprehensive Chartered Trading Standards Institute (CTSI)-approved Motor Industry

Codes of Practice providing whole market support. The Codes are designed to drive improved standards of work and service, and give today's consumers added protection, peace of mind and trust during the vehicle purchase and ownership experience.



1.2.2 The Motor Ombudsman’s Alternative Dispute Resolution (ADR) process¹

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.



¹ 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](#).

- ✓ 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](#)
- ✓ The ability to enter The Motor Ombudsman's [Garage Star Awards](#) to gain exposure and recognition for the exceptional work and service provided to customers

1.2.5 2020 activity highlights by month

January

- TMO met with **(BEIS)** to provide input for their forthcoming White Paper on the future of ADR.
- TMO attended the annual Consumer Codes Approval Scheme **(CCAS)** communications meeting.

February

- Bill Fennell chaired the **Consumer Code Approval Scheme (CCAS)** Code Sponsors Panel meeting.
- TMO announced that businesses on **eight** islands around the UK renewed their Codes accreditation for 2020.

March

- Two** new adjudicators joined TMO.
- The entire TMO team moved to **remote working** in response to COVID-19.
- TMO hosted a webinar on the legal and financial issues facing businesses.

April

- A pilot of new data analytics **dashboards** for vehicle manufacturers was launched.
- TMO introduced a new COVID-19 **Business Support portal** and Knowledge Base section.

May

- Members of **ICAP** met with TMO.
- TMO issued several **COVID-19** communications to businesses, including practical examples of what businesses were doing to keep customers and staff safe.

June

- A new head of customer services and dispute resolution, together with a new ombudsman, joined TMO.
- The Knowledge Base recorded nearly **100,000** views in the first half of 2020.

July

- TMO commemorated the **fifth anniversary** of the ADR Regulations with new TMO website resources.
- Polestar** joined the New Car & Vehicle Sales Codes.
- TMO launched its **Culture & Engagement Programme**.

August

- EMaC** became accredited to the **VWP Code**.
- TMO staff started work within the new **Diversity and Inclusion Taskforce**.
- TMO's YouGov poll on the **MOT extension** generated over **150** articles in 48 hours.

September

- The inaugural **Garage Star Awards** were launched.
- Members of **ICAP** met with TMO.
- Bill Fennell took part in the judging for the **Motor Trader Industry Awards 2020**.

October

- TMO marked the **five-year** anniversary of the Consumer Rights Act and the ADR Regulations.
- TMO unveiled its new **Mission, Purpose, Vision and Values** to help guide its future direction.

November

- TMO celebrated **four** years of operation.
- A new category on **distance sales** was added to the TMO Knowledge Base.
- TMO announced the winners of its first **Garage Star Awards**.

December

- TMO met with the **Ombudsman Association**.
- Members of **ICAP** met with TMO.
- TMO handled **77,762** contacts and **6,220** cases during 2020.

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.

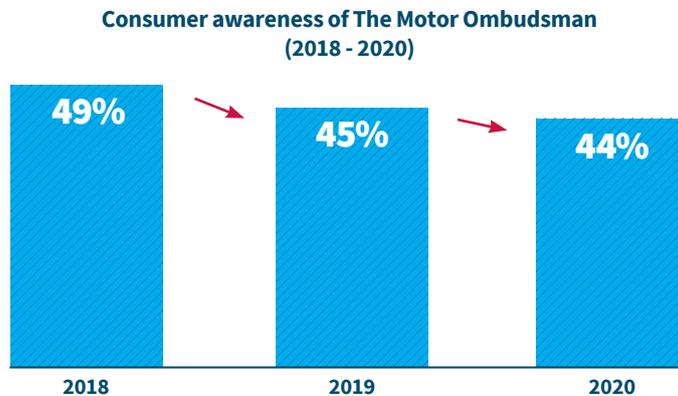
1.3.1 Consumer brand awareness survey highlights

Background

2020 marked the fourth year that The Motor Ombudsman has carried out a consumer awareness study since the launch of the organisation in November 2016. A total of 1,006 individuals from across a representative sample of driving licence holders were surveyed in October 2020.

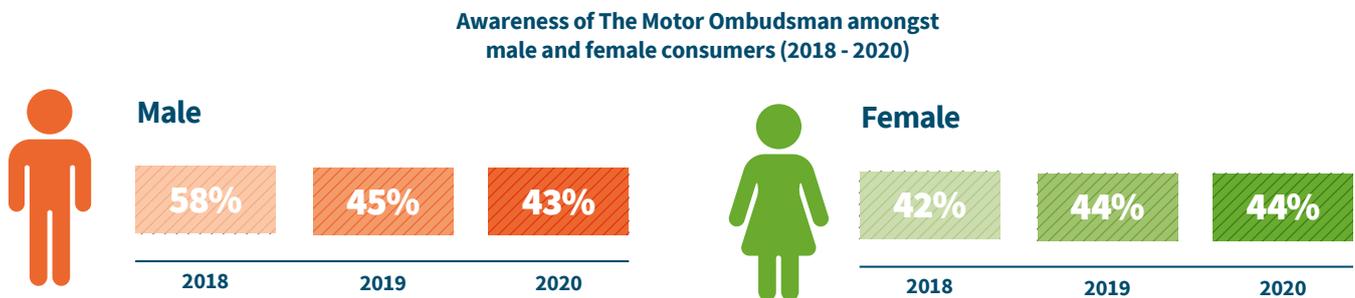
Key findings

- Overall consumer awareness of The Motor Ombudsman decreased very slightly between 2019 and 2020. However, for those with a dispute, awareness increased



In 2020, 44% of individuals surveyed were aware of The Motor Ombudsman, a slight decrease from the previous year (45%), and equating to a 5% drop compared to the figure recorded in 2018 (49%). However, for those who had previously had a motor-related dispute, awareness increased in 2020 by one percentage point to 57%, up from 56% in 2019. For those who had not had a dispute, awareness dropped from 36% in 2019 to 33% in 2020. The marginal 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.

- Versus previous years, awareness of The Motor Ombudsman was lower in 2020 amongst men, but stayed the same as 2019 for female consumers



Overall awareness of The Motor Ombudsman amongst men and women was very similar in 2020 compared with that seen in 2019, with only a 1% difference. However, amongst male respondents, it dropped to the lowest level in three years (43%), down from 45% in 2019 and 58% in 2018. Conversely, female awareness did not decrease in 2020 from the level recorded in 2019 (44%), and remains higher than that seen in 2018 (42%).

► **Consumers in the 18 to 24 age bracket were the most aware of The Motor Ombudsman in 2020**

Mirroring the result seen in 2019, awareness of The Motor Ombudsman was highest amongst the **18 to 24** age group in 2020 at 59%, a subtle increase versus the year before (58%). Around half of 25 to 44-year-olds knew about the Ombudsman for the automotive sector in 2020, whilst those aged 55 years and over were the least likely to know about or to have heard of The Motor Ombudsman, with only 33% of people in this group being conversant with the organisation.

► **Nearly four out of five consumers said that they would feel more confident using a Motor Ombudsman-accredited business**

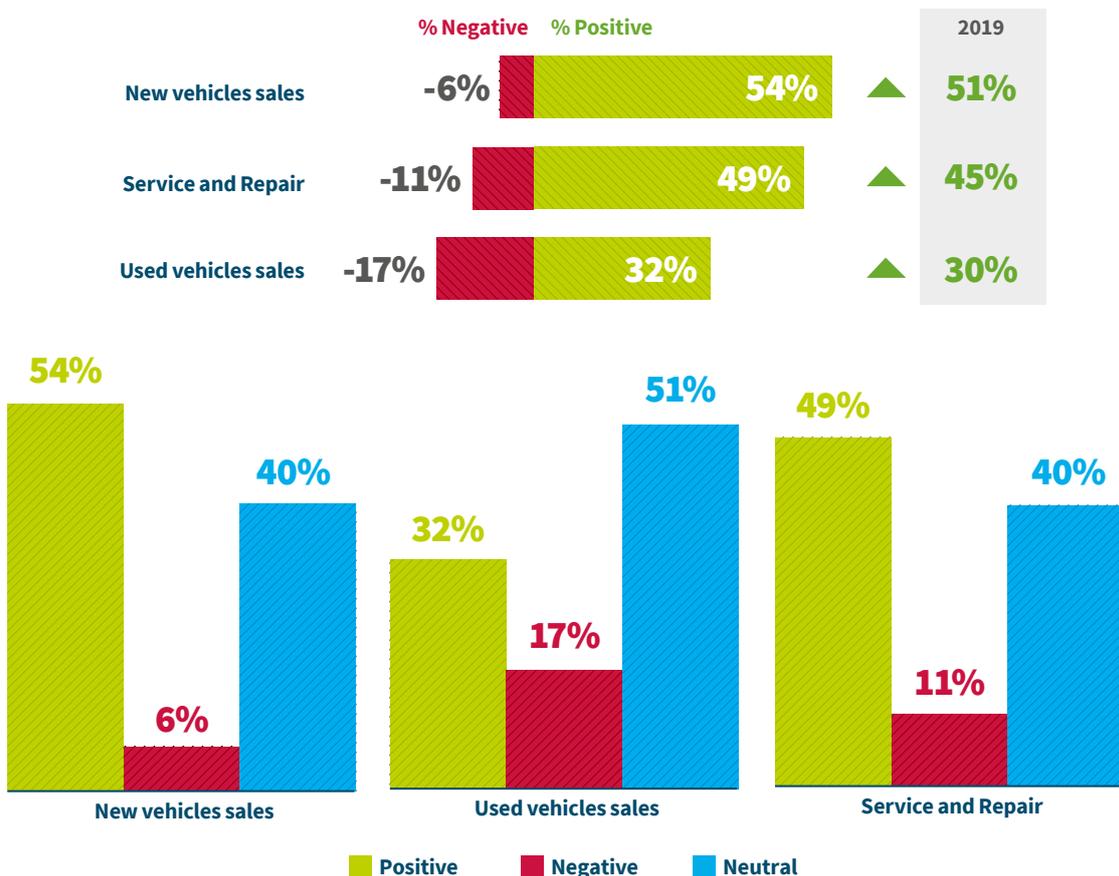


The research revealed that **79%** (nearly four out of five) people would feel more confident using a business that is accredited to The Motor Ombudsman for their vehicle purchase, service or repair in 2020. This is the lowest level since 2018, after decreasing slightly by 3% from the sentiment recorded in 2019 (82%).

► **For the second consecutive year, the new vehicle sales sector was viewed by consumers as the most positive area of the automotive industry**

Following on from the trend seen in 2019, the new vehicle sales sector was once again the area that was viewed most positively in 2020. It received the highest proportion of responses in the ‘positive’ category (**54%**) compared to the service and repair and used car sectors (49% and 32% respectively).

View of the automotive industry by sector in 2020
(Percentage of consumers who answered negatively and positively)



Sector analysis

The new vehicle sales sector

A greater proportion of consumers viewed the new vehicle sales sector in a positive light in 2020, with **54%** expressing this sentiment versus just over a half (51%) last year. As in 2019, female respondents were less encouraging about this area of the automotive sector, with 51% expressing a positive view, a 6% difference when compared to their male counterparts (57%). However, for both sexes, these scores were still up on those from 2019, namely, 48% for females and 53% for males.

When looking at the results of the research by age group, those in the 55 and over category were the most buoyed about this area of the motor industry (57%). This was in contrast to last year's findings, which showed that respondents in the 18 to 24 bracket were far more encouraged about this area of the motor industry (62% of individuals), but this figure decreased to 55% in 2020, a fraction behind the over 55s.

For the new vehicle sales sector, **6%** of people had a negative opinion overall, with the 18 to 24s being the most downbeat at 9% of respondents in this age group. This was only marginally higher than the 8% expressed by the 35 to 44 bracket. Reasons for the adverse sentiment related to the perceived high price of new cars, the loss of value after purchasing a vehicle, pushy salesmen and the cost of extras.

The used vehicle sales sector

The used vehicle sales sector was viewed a little more positively in 2020, up two percentage points to **32%** versus 30% the previous year. However, this figure is still down on that seen in 2018, where 41% of respondents had a positive image of this area of the automotive sector.

As seen in 2019, women were more upbeat about the used vehicle sales sector than men, with 35% of females having a positive opinion about this area of the market versus 30% of males. However, both scores were slightly down on last year's (34% and 25% respectively).

In 2020, the younger generation of 18 to 24-year-olds were even more positive about used car sales than in 2019, rising to 60% of respondents in this age group from 54% a year earlier. Coming a close second were the 25 to 34-year-olds, where 44% of individuals in this group held the sector in high esteem.

When looking at the proportion of respondents discouraged by used vehicle sales, **17%** of respondents held a negative view of this part of the automotive sector. A fifth of males were downbeat, compared to just 14% of females, with those in the over 55 age group having the most respondents expressing a negative opinion about this sector (22%). 45 to 54-year-olds came a close second at 21%.

Reasons for the negative ratings related to people feeling as though they were being overcharged, not knowing whether they could trust the seller, pushy sales techniques, being worried about being sold a car with issues, as well as hearing about bad experiences from others.

The service and repair sector

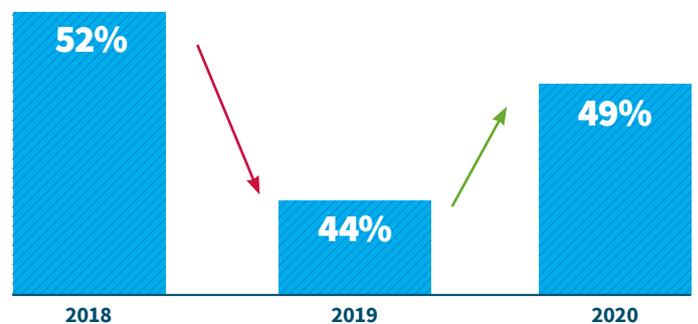
Reversing the decline in sentiment between 2018 and 2019, a greater proportion of the respondents surveyed had a positive view of the service and repair sector (49%) compared to the year before, which can be seen as an encouraging trend. It is still however very slightly below the figure recorded in 2018 (52%), when the proportion of those expressing a positive opinion of the service and repair area was at its highest during the last three years.

In 2020, male respondents were a little more encouraged (51%) than their female counterparts (47%). However, those expressing a negative view of the sector was pretty much the same (i.e. 11% for males versus 10% for females), mirroring the trend seen in 2019, namely 15% for male respondents and 11% for females. Overall, 11% of respondents had a negative perception of the service and repair area.

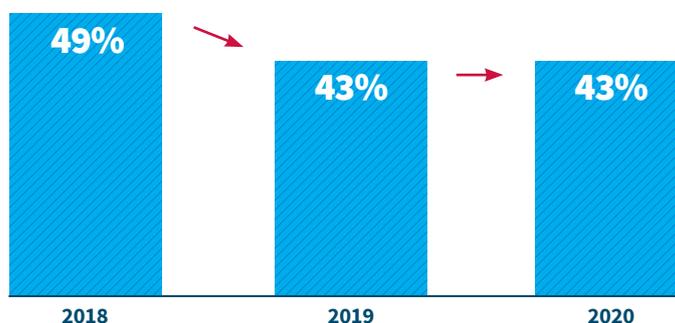
Reasons for the negative view of the industry related to respondents feeling as though they were being taken advantage of, being overcharged, or being told that unnecessary work was needed, as well as not knowing whether they could trust the business.

When looking at the different age groups, 18 to 24-year-olds were once again the most praiseworthy, with 69% of respondents feeling positive about the service and repair area of the industry, but was down from 72% in 2019. Furthermore, over half of individuals (54%) in the 25 to 34 age bracket were also encouraged by what they had seen in the sector, up from 49% in 2019. Conversely, the over 45 to 54s had the highest proportion of people sharing a pessimistic view (14%).

► Percentage of respondents having a positive view of the service and repair sector



► **The proportion of individuals who made a complaint in 2020 was the same as that seen in 2019**



As in 2019, **43%** of respondents said they had made a complaint in 2020 about a new or used car that they had bought at a garage, a new car warranty, or a service and repair. This is once again lower than the figure recorded in 2018 (49%), but was on a par with the statistic recorded in 2017. A total of 57% of individuals explained that they had not raised a concern about the aforementioned areas in 2020.

For those that had complaints, just over a fifth (21%) were about a service or repair (down from 22% in 2019), whilst 14% were in relation to a new car warranty, up from 13% the year before. Both used and new car complaints remained at the same level as in 2019, at 13% and 5% respectively.

► **Most people resolved their complaints directly with a garage or dealership in 2020**

Encouragingly, more consumers had their complaint resolved in 2020 than in 2019, with only **9%** explaining in this year's study that their issue hadn't been concluded, down from 12% last year. This was however still a small rise on the figure of 7% seen in 2018.

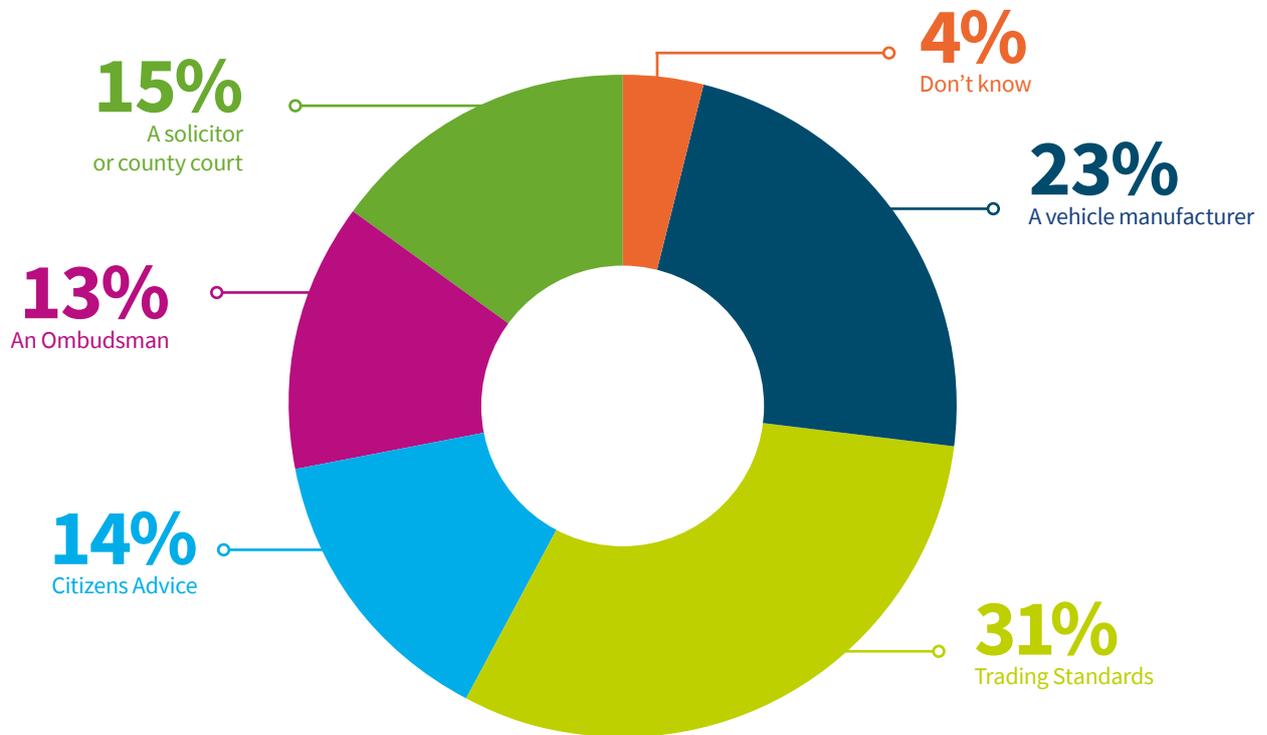
For those respondents that did have a complaint in 2020, the majority (**69%**) had their problem concluded directly with the garage or dealership, the same proportion as that seen in 2019, but down from 75% in 2018. For 16% of individuals, the problem was resolved by the manufacturer (versus 15% in 2019 and 16% in 2018), whereas 6% had their issue successfully concluded by a third party, compared to 4% in 2019 and 2% in 2018.

► **In 2020, individuals were more likely to escalate an unresolved issue with a garage or car dealership to Trading Standards than to any other body**

Mirroring the findings of the 2019 survey, the research revealed that nearly a third of consumers (**31%**) would seek assistance from Trading Standards as the first port of call if they had an unresolved complaint with a garage or car dealership, up from 30% in 2020.

Nearly a quarter (**23%**) said that they would contact a vehicle manufacturer, down from 28% in 2019, with **15%** explaining that they would resort to legal action i.e. consulting a solicitor, the county court or a legal representative. As in 2019, **14%** of respondents said that they would take their unresolved dispute to Citizens Advice in 2020, with **13%** opting for an Ombudsman to help solve their problem, up from 12% in 2019.

Where consumers were most likely to take their unresolved dispute with a garage or car dealership in 2020



- ▶ **Over a third (38%) of consumers said that it's important for the motor industry to have an Ombudsman because it provides someone to turn to if they can't resolve their issue directly with a garage or dealership**

This figure is down on that seen in 2019 and 2018 (41%), and much lower than the statistic recorded for the same question in 2017 (52%). In addition, just over a quarter of individuals (29%) surveyed stated that having an Ombudsman for the automotive sector helps to drive up standards. This mirrors the score seen in 2018, and is also up from the figure of 27% recorded in 2019 and 24% in 2017.

Similar to last year (14%), 15% of respondents in 2020 said that they thought that it was important for the motor industry to have an Ombudsman because the sector is not regulated. This is also up from 12% in 2018 and 9% three years ago.

Key conclusions drawn from the 2020 consumer awareness survey data:

- ✓ Overall awareness of The Motor Ombudsman fell very slightly from 45% to **44%**.
- ✓ Awareness has increased amongst consumers who have had a dispute (i.e. 57% in 2020 compared with 56% last year).
- ✓ Consumers in the **18 to 24** age bracket were the most aware of The Motor Ombudsman in 2020, mirroring the trend seen in 2019.
- ✓ In 2020, individuals were most likely to contact **Trading Standards** if they had an unresolved dispute with a garage or car dealership.
- ✓ More consumers had their dispute **resolved** in 2020 than in 2019, with the majority concluding it directly with a garage or car dealership.

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			
	2018	2019	2020	Diff (2020 v 2019)
Overall satisfaction of the work and service provided by an accredited business	92%	92%	95%	▲
Likelihood to recommend an accredited business	90%	92%	93%	▲
TOTAL NUMBER OF SURVEYS SUBMITTED	200,356	53,133	103,458	▲

Between 2020 and 2019, there has been an increase in the number of surveys received from vehicle manufacturers and garage networks. However, in line with previous years, the difficulty with receiving data is mainly attributed to the impact of the General Data Protection Regulation (GDPR), and OEMs and groups moving away from Net Promoter Score methodology to other means of measuring customer satisfaction and obtaining reviews about their networks.

Overall satisfaction with accredited businesses remained consistently high, and is now at 95%, a 3% increase on the 92% achieved in 2019. The likelihood of recommending the garage to friends and family that serviced and / or repaired their vehicle has also increased, and is at 93%, up from 92% in 2019. This is positive to see, although it hasn't returned 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 2020, The Motor Ombudsman received 956 survey submissions through its website, up from 747 the previous year, which is a positive development.

Category	Satisfaction levels			
	2018	2019	2020	Diff (2018 v 2019)
Overall quality of work carried out	99%	98%	99%	▲
Level of customer service	99%	98%	99%	▲
Booking process	98%	98%	98%	▬
Information provided	98%	98%	98%	▬
TOTAL SURVEYS SUBMITTED	747	861	956	▲

Overall customer satisfaction with the quality of work by accredited businesses (2018 - 2020)



The overall satisfaction with the quality of work carried out by the businesses is now at 99%, which is up by one percentage point from 98% in 2019, and in line with the 99% satisfaction score achieved in 2018. Although this is still a high figure, 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 customer service is in line with the 98% satisfaction score achieved last year, down one percentage point from the high score of 99% in 2018. 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 customers 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:

“Super garage. You get the whole diagnostics of everything wrong with the car in human language. Mechanics also advise recommendations and are happy to answer any questions that other garages would just turn a blind eye to. Great tech at work and videos of checks are also sent to customers.”

Customer of Kingham’s of Croydon SEAT

“This is the second time I’ve visited this garage for my car’s MOT. It has been easy to arrange a convenient time and day for my MOT, and the receptionist is super friendly, very professional and knowledgeable too. The guy who carried out my MOT clearly explained the faults on my car, and I was given a price there and then, with no pressure to have the work carried out if I chose not to.”

Customer of Direct Garage Services

“I’ve been using this garage for years now. Honest, always friendly and helpful, great customer service and you know you can trust them with your car. 10/10 would recommend.”

Customer of of Anglo Continental Garage

1.3.3 Consumer complaints about The Motor Ombudsman

During 2020, The Motor Ombudsman received a total of **36** complaints from consumers. This was a significant 59% **decrease** compared to the volume seen in 2019 (87).

Conversely, as a percentage of total cases, complaints fell from 1.42% in 2019 to only **0.60%** in 2020, in what is a very encouraging trend.

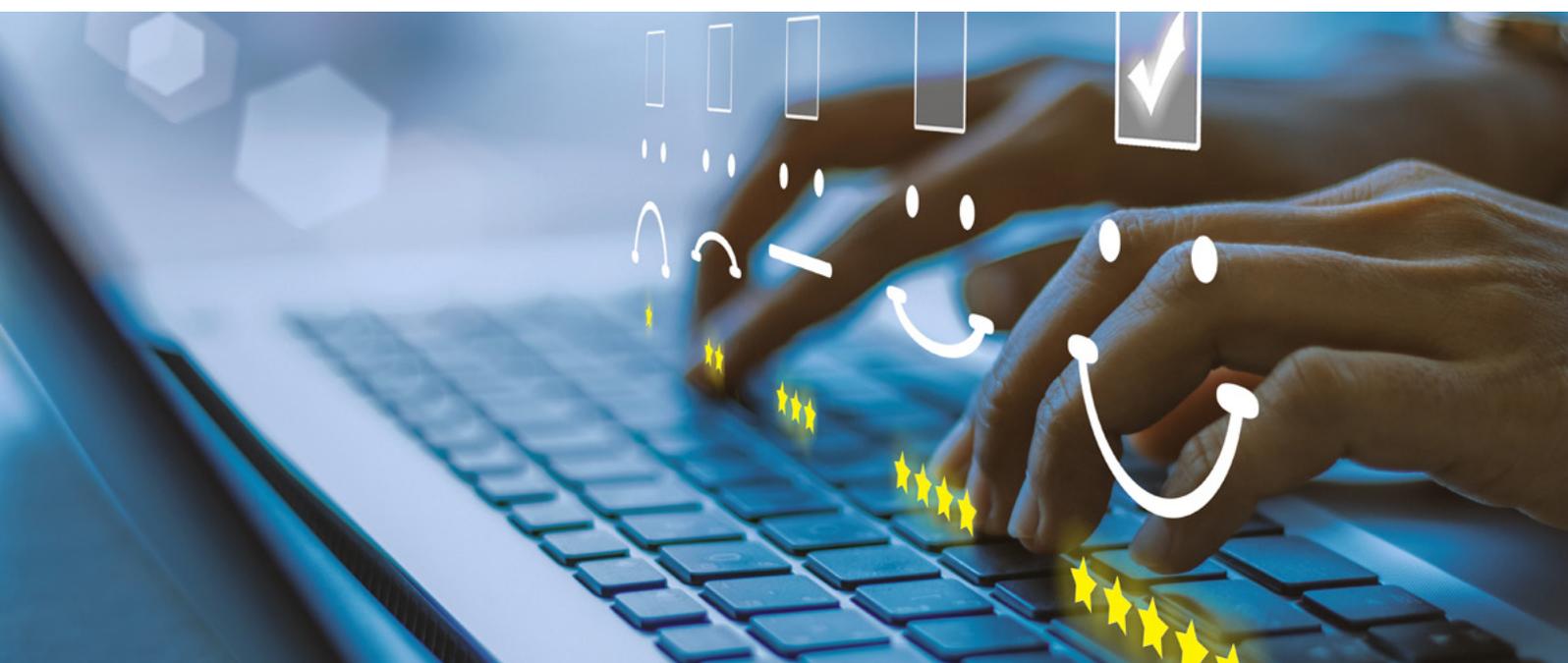
Contact, case and consumer complaint volumes

	Total contact volume handled by TMO	Total case volume handled by TMO	Total consumer complaints received
2020	77,762* (-14% v 2019)	6,220 (+ 2% v 2019)	36 (-59% v 2019)
2019	90,718* (+ 51% v 2018)	6,114 (+ 37% v 2018)	87 (+ 14% v 2018)
2018	59,925*	4,456	76

*Total contacts include others not related to The Motor Ombudsman's four Codes of Practice

Consumer complaints as a proportion of total contacts and cases

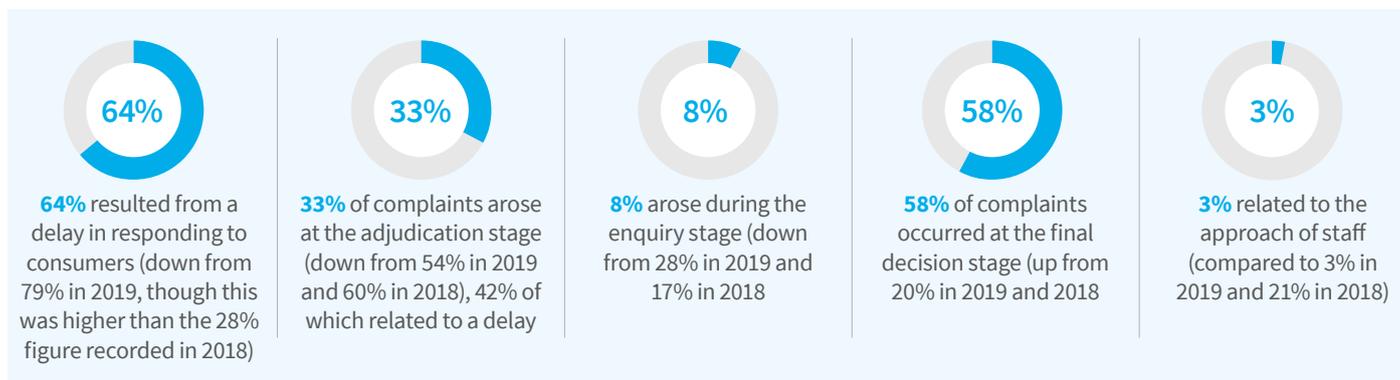
	Complaints as a percentage of total contacts received	Complaints as a percentage of total cases handled
2020	0.05% (-0.05% v 2019)	0.60% (-0.82% v 2019)
2019	0.10% (-0.03% v 2018)	1.42% (-0.28% v 2018)
2018	0.13%	1.70%



► Reason for consumer complaints by reason and stage of the dispute resolution process (2020 versus 2019 and 2018)

Reason for the complaints about The Motor Ombudsman / stage	Year	Outcome	Process	Delay	Staff issue	Total
No. of complaints made at enquiry stage	2020	2	1	0	0	3
	2019	0	1	21	1	23
	2018	0	6	3	4	13
Total for all 3 years		2	8	24	5	39
No. of complaints made at early resolution stage	2020	0	0	0	0	0
	2019	0	0	0	0	0
	2018	0	0	0	0	0
Total for all 3 years		0	0	0	0	0
No. of complaints made at adjudication stage	2020	2	4	5	1	12
	2019	9	2	35	1	47
	2018	10	9	17	10	46
Total for all 3 years		21	15	57	12	105
No. of complaints made at final decision stage	2020	1	2	18	0	21
	2019	3	0	13	1	17
	2018	10	2	1	2	15
Total for all 3 years		14	4	32	3	53
Overall number of consumer complaints by year	2020	5	7	23	1	36
	2019	12	3	69	3	87
	2018	20	17	21	16	74
Total for all 3 years		37	27	113	20	197

► For the 36 complaints received from consumers during 2020:



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
Mr. A January 2020	<i>"My review of your service I am afraid is very negative and has put me off entirely from using your ADR service in the future. Perhaps you should view both sides of the argument fairly. Sadly, sadly very, very one-sided."</i>	<ul style="list-style-type: none"> The consumer felt that The Motor Ombudsman's process was very one-sided. They wanted to see the evidence provided by the business around some of the allegations made about them, and were concerned by the delay, particularly because they had been promised an ombudsman's final decision by the 1st of December 2019 They also were confused as to why they had been told that The Motor Ombudsman could not award compensation, when the website states that this could be up to £10,000 	<ul style="list-style-type: none"> The Motor Ombudsman investigated the consumer's concerns, and found that the ombudsman's final decision had been issued in November 2019, so no further action was required on that front. The Motor Ombudsman also arranged for the documents to be sent to the consumer On the subject of compensation, The Motor Ombudsman provided a further explanation around what they could and could not award. Clearer, and more detailed guidance on remedies for consumers has also since been written and published on TheMotorOmbudsman.org
Mr. C March 2020	<i>"What a disgrace. independent, I think not. They just listen to the OEM and do not contact the consumer, so if you don't get your point over, then they don't help?"</i>	<ul style="list-style-type: none"> The consumer was unhappy with the adjudication outcome reached for their complaint, and believed The Motor Ombudsman TMO to be biased towards the manufacturer 	<ul style="list-style-type: none"> The Motor Ombudsman explained that the consumer could ask for the adjudicator's outcome to be reviewed by an ombudsman, but the consumer chose instead to withdraw his complaint
Mr. M May 2020	<i>"The TMO communication is non-existent unless chased and then still fobbed off without providing any comfort or information, I can't help but feel the TMO is a figurehead designed to make people feel better that someone is there when things go wrong, until they do go wrong, when you're left with no support."</i>	<ul style="list-style-type: none"> The consumer was upset at the time taken to make a decision because their car was off the road, meaning they were without a vehicle and facing other problems due to the car being undriveable for so long 	<ul style="list-style-type: none"> The Motor Ombudsman understood that having a car off the road can be really distressing, so they prioritised the case and managed to get it resolved through an early resolution The Motor Ombudsman will be looking into how best to establish the current status of a vehicle in the first stages of a complaint - for example, whether it is undriveable, or if a consumer is incurring costs in hiring another car. This will allow The Motor Ombudsman to better manage cases where time is really of the essence



<p>Mr. J July 2020</p>	<p><i>“An utter waste of time. I opened a case with them in November 2018, and at time of writing (July 2020) I have still not received a full response. It appears to be that they are clearly on the side of the industry, rather than consumers and their whole raison d’être seems to be to placate consumers until we eventually give up or forget about the issue.”</i></p>	<ul style="list-style-type: none"> • The consumer was concerned by the delays with their complaint, and felt this showed that The Motor Ombudsman was biased towards the industry • They also remarked that a negative public review seemed to have prompted communication with Mr. J himself 	<ul style="list-style-type: none"> • The case was referred to an ombudsman so a final decision could be made, as The Motor Ombudsman recognised that the consumer had been waiting for some time • It also reaffirmed the need for The Motor Ombudsman to look into the communications it sends during the lifetime of the case, to ensure consumers are kept updated with their complaint’s progress • It must be said that The Motor Ombudsman was concerned however, to read that consumers might think that a negative Trustpilot review is what is needed to communicate with the service • As a result, The Motor Ombudsman will be reviewing its approach to Trustpilot reviews, both positive and negative, to ensure they remain responsive, but so that consumers leaving reviews do not receive different treatment from those who do not
<p>Mr. C October 2020</p>	<p><i>“I have submitted my case through their website form receiving only a submission confirmation and not a case number. Although my case submission had been confirmed on their website, after 1.5 months I was told to resubmit my case as they have not received anything from my side and I have not been allocated a case number?! Total waste of time!”</i></p>	<ul style="list-style-type: none"> • The consumer was frustrated that it took The Motor Ombudsman almost two months to confirm that their web form submission hadn’t been received, and that this meant they’d been put at the back of the queue in terms of timescales 	<ul style="list-style-type: none"> • Once The Motor Ombudsman had received the customer’s submission, they prioritised the case to ensure that they were not prejudiced in any way by the technical error. This led to The Motor Ombudsman being able to resolve Mr. C’s complaint within a week through an early resolution
<p>Mr. H December 2020</p>	<p><i>“Absolutely useless, can’t even follow their own published operating procedures. My repeated requests to their lead adjudicator for referral to an ombudsman were just ignored until I lodged a formal complaint with a member of their management. This is an organisation that takes in excess of a year to process an application, during which time you receive minimal communications. Their Ombudsman status should be revoked as the organisation is not fit for purpose.”</i></p>	<ul style="list-style-type: none"> • The consumer was unhappy that the lead adjudicator failed to refer the complaint for a final decision, and it took a formal service complaint for this to be actioned • They were also concerned about the length of time it took for The Motor Ombudsman to review their case, as well as the lack of communication during that period 	<ul style="list-style-type: none"> • The Motor Ombudsman found that there had been a breakdown in communication, which had led to the case not being referred for a final decision despite the consumer requesting this • The Motor Ombudsman apologised for the oversight, and reviewed their internal service complaint process to ensure that this mistake could not happen again

1.3.5 How consumer complaints about The Motor Ombudsman's service are being addressed

The Motor Ombudsman recognises that, whilst customer complaints about its service have fallen compared to 2019, improvements are still needed. As such, much of 2020 was spent looking at the enhancement of The Motor Ombudsman's processes, systems and organisational structure, so that those who need assistance are able to access it more quickly, ensuring that the service is fully effective for all consumers.

In 2020, increasing numbers of consumers were unhappy with the fact that they had been unable to find a service complaints process online. Therefore, to help avoid a greater level of frustration for individuals who were already disappointed with the service provided, a dedicated page was introduced on The Motor Ombudsman website, designed to provide clear information on how to make a complaint, and including who to contact if a customer is not satisfied about the way that it has been handled.

Similarly, a dedicated e-mail address was created for service complaints, allowing them to be quickly identified and directed to the relevant staff member for investigation.

In addition to updating the overall service complaints process, the way that service complaints are captured, and how data is recorded, was equally improved. This is to allow this information to be used to its fullest extent, as well as permitting more comprehensive internal and external reporting. In fact, The Motor Ombudsman has always welcomed complaints about its service, as it sees them as useful tools for continuous development and improvement.

Furthermore, it has been noted that delays continue to be the most complained about area of The Motor Ombudsman's service, which is especially pertinent at the final decision stage, most likely because these cases have been with the organisation for the longest. As such, in 2020, a new ombudsman was recruited to help get through cases more quickly, and final decision processes were also reviewed, to ensure it is as effective as possible.

Service complaints

We always want to provide the highest level of customer service to our consumers and accredited businesses – no matter what the outcome of the case.

As such, if you believe that the service provided has fallen short of your expectations, please let us know. Some examples might be:

- There have been delays with your complaint
- You haven't been kept updated with progress
- Member(s) of staff have communicated with you inappropriately

If you're not satisfied with how we've dealt with your case, the first step is to let us know what's happened. It's helpful for us to have your concerns in writing but we're also happy to discuss things over the phone. You can do so at any point whilst we're handling the complaint, or within three months of the complaint being closed.

If you are not happy with how your complaint has been handled

In the first instance, please get in touch with the person dealing with your complaint. They will then respond and escalate it to their manager if necessary, and most of the time, they'll be able to get things sorted for you.

If you're still unhappy with how your complaint has been dealt with

You can then complain to the Senior Ombudsman. They will conduct an investigation into what's happened and, if needs be, let you know what we're going to do to put things right. The Senior Ombudsman aims to complete their investigations and respond to you within 15 working days.

If you have a service complaint that you've not been able to resolve, please email us on: servicecomplaints@tmob.co.uk

Please note that the complaints process is only to look at the service provided to you, and it's not an appeals process to change any decision reached or any action taken on your complaint.

For further information about service complaints and how to appeal an outcome, please read our [fact sheet](#)



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 2020.

“Excellent service from start to finish. I was kept in the loop through email, and my complaint was resolved with the company who are going to compensate me within 14 days.”

(Ms. C, January 2020)

“I had an ongoing issue with a vehicle manufacturer and was not getting anywhere. The dispute dragged on for months, and I referred it to The Motor Ombudsman. They have resolved my complaint. Excellent service.”

(Ms. M, May 2020)

“The Motor Ombudsman helped me get to a positive outcome with my complaint, when I was facing a brick wall trying to tackle it myself. It was a very painless exercise. Thanks!”

(Mr. A, June 2020)

“We cannot thank The Motor Ombudsman enough as, without their due diligence, hard work and tenacity, we would not have succeeded in getting this company to admit to still having our car and making a compensatory payment.”

(Mr. G, August 2020)

“In a dispute with a vehicle manufacturer, the Ombudsman listened to the issues I raised, and then agreed my grievance with the carmaker needed pursuing. They were extremely supportive, evidence-based and relentless in pursuing my claim. Even after agreement on compensation was reached, it took several more months to conclude.”

(Mr. G, August 2020)

SECTION 2:

Code of Practice performance summary

- 2.1 Service and Repair Code
- 2.2 New Car Code
- 2.3 Vehicle Warranty Products Code
- 2.4 Vehicle Sales Code



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.



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.³

The **Service and Repair Code** covers the following principal areas:

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

No changes were made to the content of the Service and Repair Code in 2020.

2.1.1 Service and Repair Code performance data

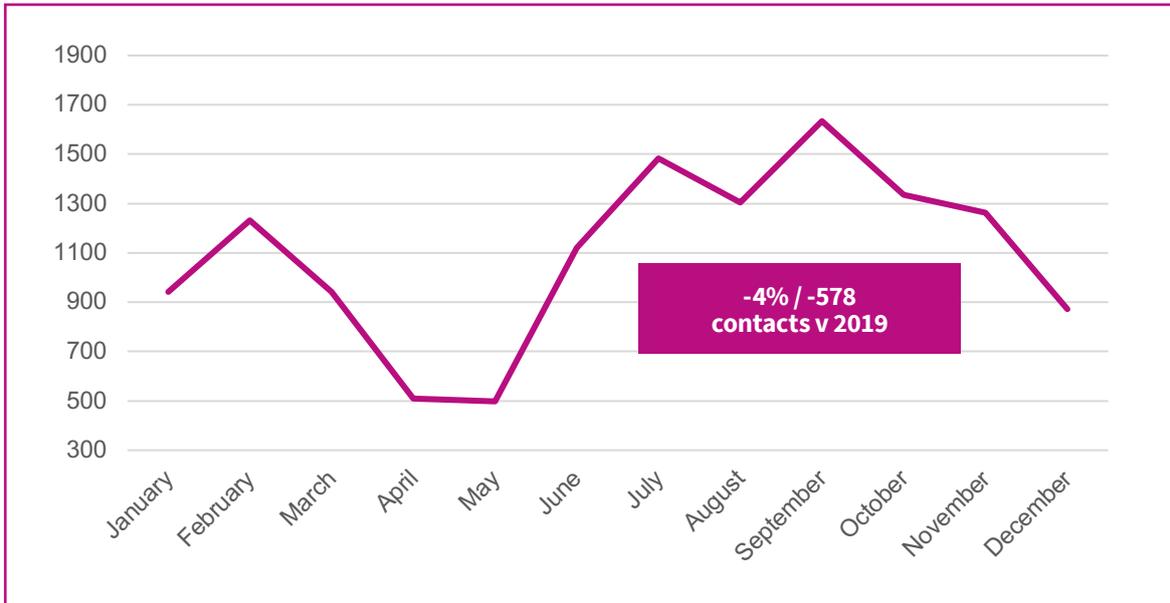
Accredited businesses	2018	2019	2020	Trend (2020 v 2019)
Consumer contacts	13,859	13,714	13,136	▼
Early resolutions	4	10	85	▲
Adjudication cases*	1,098	1,799	2,097	▲
Ombudsman final decisions	89	62	124	▲
Escalation rate (Contacts to cases)	8%	13%	16%	▲

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

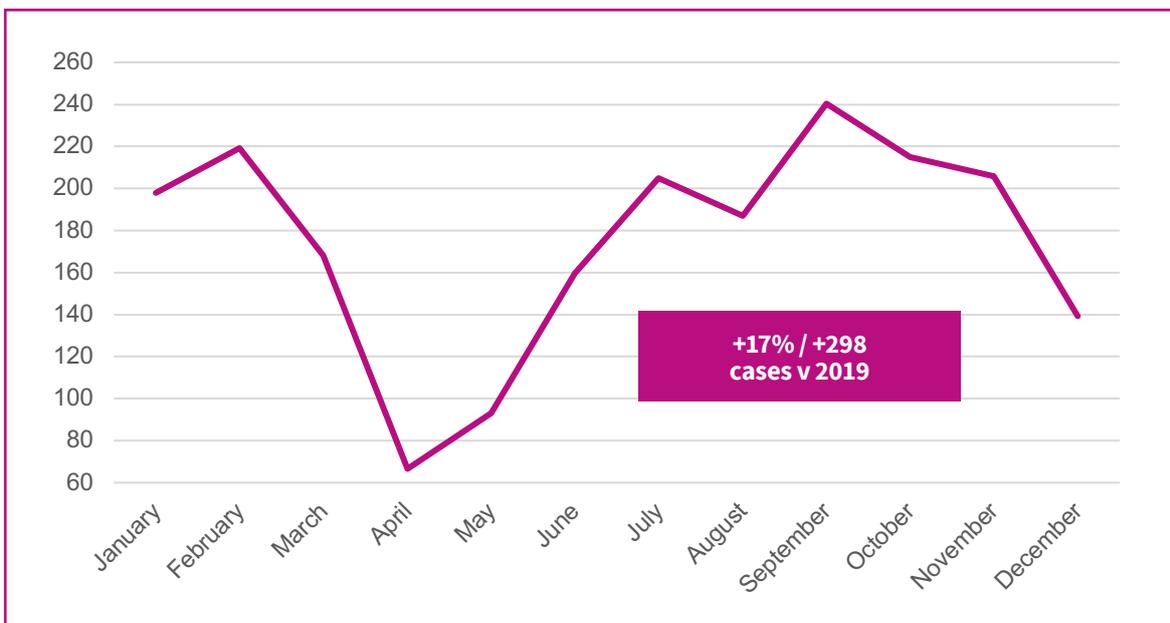
³ www.themotorombudsman.org/garage-finder

2.1.2 Service and Repair Code performance charts

Service and Repair Code contact volumes by month (Jan - Dec 2020)



Service and Repair Code case volumes by month (Jan - Dec 2020)



2.1.3 Service and Repair Code performance analysis

Consumer contacts relating to the Service and Repair Code decreased from 13,714 in 2019 to 13,136 in 2020, a fall of **4%**. The significant dip in customer enquiries between February and May was most likely due to the first lockdown in response to the pandemic, whilst a decrease was also seen in November and December, a time when COVID-19 restrictions were once again tightened across the UK. The number of cases being passed for review by case investigators also followed a similar trend, but nevertheless ended the year **17%** higher than in 2019 at 2,097. The escalation rate from a consumer enquiry to the creation of a case rose from 13% last year, to **16%** in 2020.

Furthermore, the volume of ombudsman final decisions issued to consumers doubled to 124 versus 62 in 2019, which was helped by the recruitment of an additional ombudsman during the year.

It should be noted that the number of early resolutions increased significantly year-on-year (i.e. 10 to 85), as this stage of the dispute resolution process was only reported on during the final three months of 2019, as stated in last year's ICAP Report.

2.1.4 Percentage of Service and Repair Code cases by Code breach

Source of breach	2018	2019	2020	Trend (2020 v 2019)
1.0 Advertising	1%	4%	3%	▼
2.0 Booking in of a vehicle	21%	32%	22%	▼
3.0 Standard of work	44%	37%	47%	▲
4.0 Billing	2%	3%	9%	▲
5.0 Approach of staff	28%	23%	9%	▼
6.0 Complaint handling	4%	1%	10%	▲

Consumer complaints relating to the Service and Repair Code in 2020 resulted from the following principal breaches:

3.0 The standard of work (47% of breaches):

- The work was not completed according to the scope agreed with the customer [3.0]⁴;
- Servicing carried out in accordance with the requirements of a new vehicle warranty was not performed according to the vehicle manufacturer's service specification and documentation [3.7]; and
- The accredited business did not carry out the work within the agreed timescale or exercise the expected reasonable skill and care [3.10].

2.0 The booking in of a vehicle (22%):

- 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].

6.0 Complaints handling (10%):

- The accredited business did not handle complaints swiftly or follow the guidance detailed in the Complaints Handling section of the Service and Repair Code [6.0];
- The accredited business did not have in place an accessible arrangement for the handling of complaints, or details of the complaints procedure were not made available to the customer on request [6.2]; and
- The accredited business did not take effective immediate action in order to ensure that the customer received a fair response to their complaint [6.1].

⁴Numbers 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	6 years old
Vehicle mileage	95,000
Outcome	Not upheld
Award	None

Mr A purchased a 13-plate saloon in July 2017 from a private individual. Nearly two years later in January 2019, he took the car to a dealership after receiving a recall notice relating to the sealing of the fuel injectors. Less than three weeks after his visit, the low oil pressure warning light came on, so he called the dealer about the issue, but the business was unable to look at the car for at least another three weeks, and was told not to drive it. Mr A therefore had the vehicle recovered to a local independent garage to carry out an inspection. This revealed that the cylinder one injector seal had leaked carbon into the oil gallery, which had blocked the oil pick up pipe in the sump. It also caused low oil pressure and possible engine damage.

As he needed the car back, the vehicle was recovered to an engine specialist, and they proceeded to strip down the engine. They found that the seal failure required the replacement of the exhaust camshaft, the big end and main bearings, the piston rings, the turbo, the oil filter and an engine gasket set.

Mr A gave the dealership the opportunity to rectify the issues, but they said they were not responsible for them, and would not confirm what recall work was carried out or provide any reports, but insinuated that the injector nuts were tightened. The dealer advised that diagnostics and an engine inspection would cost the customer several hundred pounds and would not accept any liability for adjusting the seals.

As a result, Mr A proceeded to pay for the repairs by the engine specialist and was left without a car for two weeks. As he claimed to have been thousands of pounds out of pocket, he wanted compensation from the dealer to the value of approximately £2,500 in light of the money spent to rectify the engine damage, as well as for the stress and inconvenience that had been caused.

Response of accredited business

The business explained that it had undertaken the recall work on Mr A's car in January 2019 for the injector gas leak, the replacement of the vacuum pump, and for the programming of the Powertrain Control Module (PCM).

The dealer explained that, when Mr A reported the fault, he was advised to have the car recovered to them for an investigation, but there would be a delay in looking at it. They equally informed the consumer that there would be a £150 diagnostics charge, and they would then be able to inform Mr A about the repair costs.

After receiving this information, the customer visited the business and told them that he had taken the car to an independent garage, and questioned whether the recall work had caused the faults with the engine. However, he was informed that it had been undertaken according to guidance issued by the manufacturer. In addition, no fault codes were logged, and the injector nuts were retightened to complete the recall work.

The dealer explained that Mr A had not expressed any dissatisfaction with the recall work and understood that they did not provide invoices to customers following the completion of any warranty work. He was therefore happy with a stamped and signed recall letter to show that the repairs had been undertaken.

There was no further communication from Mr A with the dealership until they received a letter from the engine specialist ordering parts, and were not aware of the recall work being questioned or a complaint being raised with the vehicle manufacturer. They proceeded to reject Mr A's claim after consulting with their technical team, whilst the dealer also explained that they had only undertaken the recall work and that there was no evidence of the consumer's car being regularly serviced - the last service at a dealership was in 2017. Furthermore, the standard new car warranty on the vehicle was three years or 60,000 miles, both of which were exceeded. The dealership concluded that they would not cover Mr A's engine repair costs.

Adjudication outcome

The adjudicator looked at the evidence provided by Mr A and the dealer to determine whether or not the Service and Repair Code had been breached, and whether the business had not used reasonable care and skill when carrying out the recall work. They stated that, just because the dealer had carried out the repairs, this didn't mean that the issue with the injectors was directly related to the recall. The adjudicator also noted that the engine failure had occurred on the 2nd of January 2019, two days prior to the recall work being done.

Furthermore, an e-mail from the engine specialist said that the fault with the cylinder one injector seal resulted in the engine failure, but the cause of the actual seal failure was not stated. In addition, the dealership confirmed that they had not touched the injector seals, but tightened the injector nuts, so they could not be made liable for the subsequent seal failure.

The adjudicator could not conclude that there was a link between the two based on the evidence presented. As a result, the complaint could not be upheld in Mr A's favour, whilst it was also made clear to the consumer that The Motor Ombudsman is unable to provide compensation for losses that cannot be quantified, such as inconvenience and stress. The adjudication outcome was not challenged by Mr A, and the case was closed.

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

Consumer's claim

Vehicle age	4 years old
Vehicle mileage	80,000
Outcome	Goodwill
Award	Free vehicle health check

Mr B took his four-year-old, 15-plate saloon to a dealership for its annual service in May 2019. The consumer received a call from the business to explain that his car required new rear tyres, a full set of discs and brake pads, as well as new rear shock absorbers, because one was said to be damaged, whilst the other was leaking. The dealership stated to Mr B that his vehicle would fail its MOT if the work was not carried out.

The consumer's car had been in a rear-end collision three months prior to the service, and had only just got his vehicle back from the accident repair centre. Therefore, he approved the replacement of the aforementioned components, apart from the rear shock absorbers, which he asked the repairer to check again.

They inspected these parts and advised Mr B that there was no damage apart from a small patch of oil on one, but neither shock absorber needed to be replaced. The customer therefore got back in touch with the dealership demanding a full explanation as to why the mechanic had recommended unnecessary repairs and provided incorrect advice, a complaint that was not responded to according to Mr B.

Response of accredited business

The dealership explained that they were able to retrieve the health check documents from the time of Mr B's visit, and stated that they would feel very uncomfortable if the repairs that were identified and advised in the course of a vehicle health check were not represented accurately to the customer.

The business equally explained that their team is trained to report exactly what they identify, and to provide appropriate advice to the consumer based on their findings. To put Mr B's mind at rest, the dealership offered him a free vehicle health check and a report on their findings, plus the collection and return of his car to keep any inconvenience to a minimum.

Adjudication outcome

The adjudicator stated that Mr B had the evidential burden of proving that the issues on his vehicle were the result of the workmanship by the dealer. They also explained that he would have to be sure that the advice given by the business breached The Motor Ombudsman's Service and Repair Code, and that the guidance provided, namely that the rear shock absorbers were leaking and damaged, and required replacement, was unnecessary. The adjudicator also had to take into account that, had the service been conducted with reasonable care and skill, the business would not have made this recommendation.

The volume of evidence supplied by both parties was limited and, whilst Mr B explained that he took his vehicle elsewhere, no documentation was supplied to demonstrate that the replacement of the shock absorbers was unnecessary. The adjudicator however, noted that the dealer had offered Mr B a free vehicle health check, and he was advised to consider accepting this.

The adjudicator therefore concluded that, if the consumer was able to provide evidence that the replacement of the shock absorbers was unnecessary, and that the dealership ought to have reasonably have known this, then Mr B's complaint could be upheld and would be owed an apology. As it stood, the case could not be upheld in the consumer's favour. Mr B did not respond to the adjudication outcome, and the case was closed.



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

Consumer's claim

Vehicle age	4.5 years old
Vehicle mileage	30,000
Outcome	Upheld (in principle)
Award	Discounted cost of servicing and MOT

Ms C purchased a 14-plate MPV in August 2017 when it was nearly three and half years old. In July 2018, she was contacted by a third-party company acting on behalf of a dealership, to book in a service. She could recall that she had some kind of plan in place, but could not remember what it was at the time that she was called. In addition, she did not have any paperwork, but was paying a monthly sum for a plan.

Ms C therefore asked the representative whether it was a service plan, and they confirmed that it was such an agreement, and that she would only be liable for the cost of the MOT (i.e. £41.11), and not for the service itself when she took her car in. She explained that she would call back in a few days' time to make the booking.

A week later, she took her car in for the service and MOT, and was called by the dealership to explain that minor repairs were needed, and consented to these, as she was under the impression that she would not be paying for the actual service.

Later that day, the dealership phoned Ms C to arrange collection of her vehicle, and was told at this point that she did not have a service plan in place, but an extended warranty agreement instead. To her surprise, this meant that she was fully liable for the total servicing and MOT cost, although the cost of the service that she paid for on the day was slightly discounted due to Ms C's complaint.

Ms C subsequently requested call recordings to demonstrate that the fault lay with the business that confirmed that she had a service plan. However, the dealership did not take any further action, and the consumer was looking for a refund of £192 as a resolution to her dispute.

Response of accredited business

The dealership explained that the consumer was contacted by a third party to make the service booking on their behalf. During this call, Ms C asked whether they have some kind of deal, as they bought the car from the business, and it came with a plan. The representative then asked whether it was a service plan, and the call continued with the representative assuming that this was the case.

However, during the first call, no booking was made, and Ms C explained that she would call back another time. Ms C phoned back as advised, and during this conversation, she confirmed that she had a service plan in place when she was asked whether she had one.

However, Ms C did not have such a plan, and confused this with the extended warranty agreement that she had previously purchased. This was also detailed on the invoice that the consumer had signed. In light of what had happened, and as a gesture of goodwill, the service manager offered a 30% discount on Ms C's bill on the day that she came to collect her car. In addition, they did not charge her to change the brake fluid (equivalent to £45) and for refitting a loose spoiler.

Had Ms C paid for her fourth annual service, this would have cost £389.23 as a service plan customer, but with the discount, the consumer only paid £275.40, which was £113.83 less than the aforementioned cost, and £179.28 less than the recommended retail price.

Adjudication outcome

The adjudicator reviewed the evidence, and understood that the main concern of Ms C was that she was charged more than what she was expecting to pay, and claimed that she had been incorrectly informed by the business that a service plan was in place.

The initial call with the representative confirmed that a service plan was in place, which meant that only the MOT would need to be paid for on the day. However, no booking was made at this point. During the subsequent conversation when Ms C called to make a booking, she confirmed that she had a plan in place, and proceeded to book in the service and MOT.

The adjudicator therefore concluded that the business was at fault for their miscommunication, and upheld the consumer's complaint. It was therefore recommended to the business that the customer should be put in the financial position they would have been in had they been charged as a service plan holder. However, the adjudicator advised that no further action had to be taken by the business if Ms C had already paid less than the invoice that would have been generated. They also stated that it must be made clear to the consumer that they do not have a service plan in place, and that they should expect no further reductions relating to this confusion going forward.

Although the customer accepted the adjudication outcome, the dealership disagreed with it, and requested a final decision from the ombudsman. They claimed that they were contracted by the customer to do the work and carried it out in good faith. Secondly, they explained that it was Ms C's responsibility to determine if they had a service plan or not and, thirdly, there was no suggestion at any point, including by Ms C, that the service was to be free of charge, irrespective of the circumstances.

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

Ombudsman's final decision

The ombudsman reviewed all of the evidence, and also agreed with the adjudicator that the complaint should be upheld in the consumer's favour. This is because she thought it was fair for Ms C to be treated as if they had a service plan in place. When listening to the initial call, the ombudsman deemed that it was clear that the consumer was asking the representative whether or not they had a service plan, and at no point did the business say if Ms C had one, and subsequently went on to talk about the service plan. Therefore, the ombudsman could see why the customer left this conversation misinformed, and the assumption that they had been paying into a service plan. As a result, when booking the service, Ms C confirmed that they had an agreement, and relied on this decision to make a financial decision to their detriment.

The ombudsman noted that the customer's issue was compounded by the fact that they had not received any documentation at the point of sale due to the wrong e-mail address being used. This was in fact considered to be a breach of the New Car Code.

In terms of the award that should be made to Ms C, the ombudsman did not feel that the customer was only liable for covering the cost of the MOT (i.e. the £41.11). This is because a service plan is not the same as an insurance policy, but allows for repairs to be made more affordable by spreading out the cost over a year, meaning that the total expense for the servicing still needs to be covered by the consumer.

In this case, Ms C had been paying for an extended warranty, and not a service plan, which meant that she would still have had to have paid for the servicing and MOT, even if they had been correctly advised by the representative. Nevertheless, the ombudsman stated that the error impacted the consumer's decision about going ahead with the additional minor repairs, but it did not negate the need for the service and MOT.

As a result, the real losses incurred by Ms C was that she could have gone somewhere cheaper, and the fact she felt she could afford the additional work, because she understood that the cost of the service was already covered. With the dealership only asking the consumer to pay the discounted price of £275.40, Ms C was in a better position than if she had been a service plan customer. This is because, in normal circumstances, the cost would have been £389.23.

Based on the calculations if Ms C had or hadn't been treated like a service plan customer, she still would have to have paid at least £250 for her vehicle's service and MOT. If she had had a plan, this would have amounted to £250.60. As a result, there was only around £25 in detriment to Ms C. If she didn't have one, and went for a cheaper option, they would have had to pay £210 plus the cost of an MOT (around £40), equating to around £250.

Therefore, in conclusion, whilst Ms C would not have authorised the work had she known about the cost of the service, the additional £25 contribution towards the minor repairs was considered to be reasonable, as were the discounts offered by the dealership. The ombudsman upheld Ms C's complaint in principle due to the error made by the business, and the compensation offered by the business was deemed fair, so no further action was required by them.

The consumer did not accept the ombudsman's final decision, and was free to pursue their dispute via a court of law. 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 misleading advertising, and ensures that documentation supplied to consumers is easy to understand, that the terms of a warranty will be respected, and that any complaints will be handled swiftly.

In 2020, a total of **39** businesses, including new joiner Polestar, 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 2020.

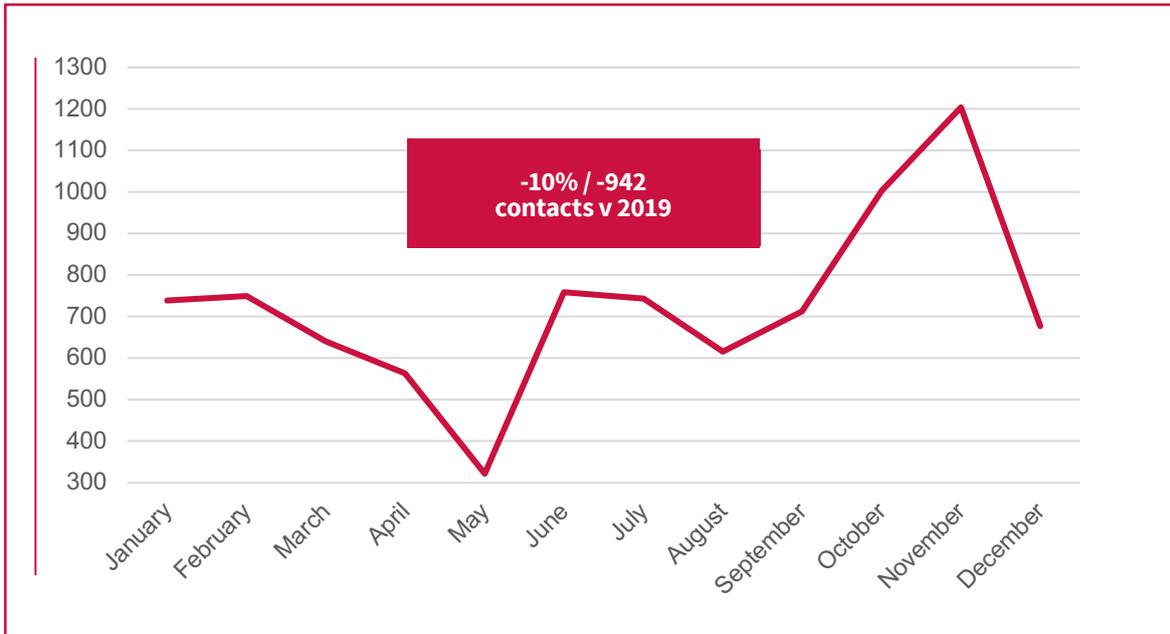
2.2.1 New Car Code performance data

	2018	2019	2020	Trend (2020 v 2019)
Consumer contacts	11,335	9,671	8,729	▼
Early resolutions	35	28	147	▲
Adjudication cases*	1,206	1,405	1,008	▼
Ombudsman final decisions	101	62	104	▲
Escalation rate (Contacts to cases)	11%	15%	12%	▼

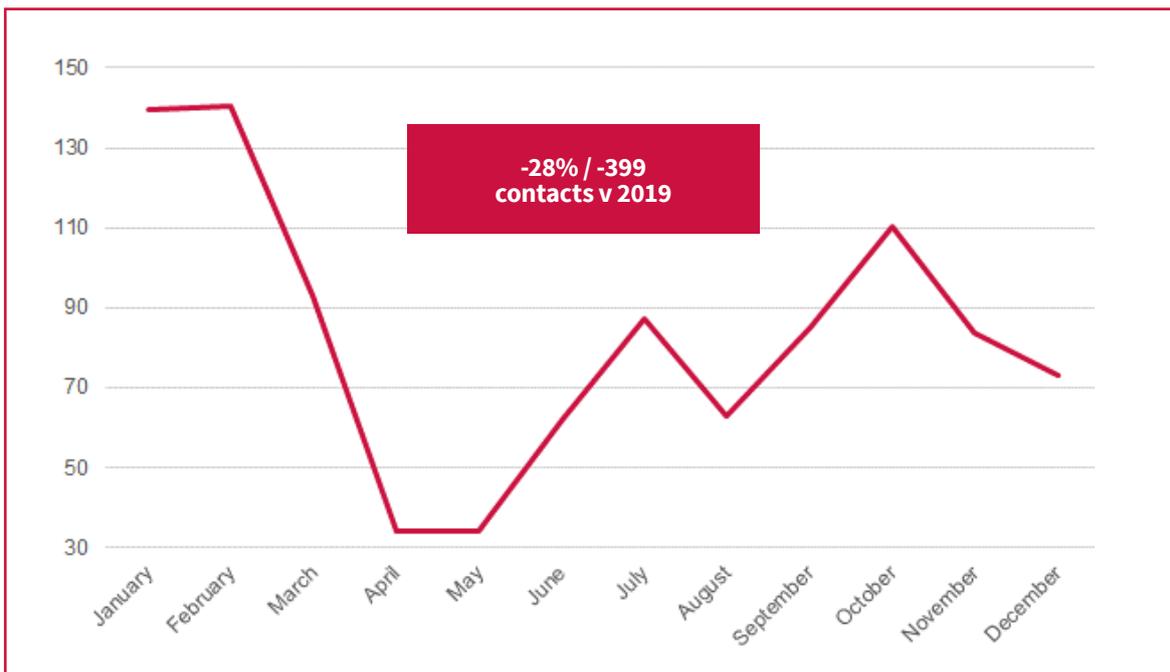
* The adjudication cases figure relates to the volume of cases passed to the case investigation stage for review.

2.2.2 New Car Code performance charts

New Car Code contact volumes by month (Jan - Dec 2020)



New Car Code case volumes by month (Jan - Dec 2020)



2.2.3 New Car Code performance analysis

Consumer contacts and adjudication cases relating to the New Car Code fell by **10%** and **28%** respectively between 2019 and 2020, and to their lowest level in three years (i.e. 8,729 and 1,006). The escalation rate from a consumer enquiry to the creation of a case also decreased slightly from 15% to 12%.

The significant drop in contacts and cases between February and May was most likely due to the first lockdown in response to the pandemic, whilst a decrease was also seen in November and December, a time when COVID-19 restrictions were once again tightened across the UK.

Furthermore, the volume of ombudsman final decisions issued to consumers rose to 104 in 2020 from 62 the year before, a notable increase of **68%**, helped by additional resource being made available.

It should be noted that the number of early resolutions increased significantly year-on-year (i.e. 28 to 147), as this stage of the dispute resolution process was only reported on during the final three months of 2019, as stated in last year's ICAP Report.

2.2.4 New Car Code cases by breach

Source of breach	2018	2019	2020	Trend (2020 v 2019)
1.0 Advertising	25%	19%	16%	▼
2.0 New car provisions	18%	3%	7%	▲
3.0 Manufacturers' new car warranties	49%	73%	70%	▼
4.0 Availability of replacement parts and accessories	4%	3%	4%	▲
5.0 Complaints handling	4%	1%	4%	▲

Consumer complaints relating to the New Car Code in 2020 resulted from the following principal breaches:

3.0 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]⁵.
- 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];
- 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]; and
- The customer's warranty claim was incorrectly dismissed [3.8].

1.0 Advertising (16%):

- 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
- Advertising did not honestly and accurately promote new cars [1.0].

2.0 New car provisions (7%):

- The car supplied to the retailer was not manufactured to a high quality standard, and did not meet customer expectations [2.0].
- The customer was not made aware of the available aftersales services when taking delivery of their new car [2.1]; and
- The customer did not receive a copy of the manufacturer's handbook with their new car or a replacement copy when requested [2.2].

⁵Numbers 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 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	9 years old
Vehicle mileage	82,000
Outcome	Not upheld
Award	None

Mr D bought a seven-year-old high-performance saloon from a used car dealership in May 2017. In September 2018, the consumer took the vehicle to a franchise dealership to assess corrosion damage to the front wheel arches. The business took photos of the affected areas, and assessed the paint depths. However, Mr D was later informed by the dealer that the damage was not covered by the manufacturer's 12-year anti-perforation warranty, as it was considered to be the result of an external influence, such as stone chips. The customer requested a copy of the report, but claimed that he did not receive one.

As a result, Mr D complained to the manufacturer regarding the decision made by the dealer, as he believed that the damage to the paintwork was caused by internal corrosion precipitated by the wheel well rubbing against the inner wheel arch, and causing paint peeling and misting from the inside out. Mr D equally believed that the issue should have been covered under the 12-year warranty.

Response of accredited business

Mr D first contacted the manufacturer with his concerns on 18th of September 2018, as he had noticed corrosion to the paintwork of his vehicle and was unhappy with the lack of response and the service he had received from one of its dealerships. Six days later, the manufacturer spoke to the dealership, and they explained that corrosion had been caused by stone chips and could not be repaired under the warranty.

Mr D therefore contacted the manufacturer a day later to request a copy of the report from the warranty department at the dealership, as he did not accept their diagnosis. The consumer equally advised that they were considering legal action. On 5th of October 2018, the manufacturer emailed Mr D to explain that their dealerships are independently run, and therefore they rely on their expertise and diagnostics. This meant that they were unable to overturn their decisions.

Adjudication outcome

The adjudicator reviewed the evidence and stated the 12-year anti-perforation warranty covered corrosion arising from the metal base itself and outwards. They noted that the consumer was not claiming that this was the cause of the corrosion, rather that Mr D was complaining about the fact that it resulted from the design and build of the vehicle, which caused external rubbing to the sheet underneath the arch, thereby allowing the ingress of moisture, and the subsequent corrosion now emanating from behind the paint on the outside of the panel.

The adjudicator noted that this kind of issue would usually be covered in a legal claim against the retailer, who would be liable for the condition of the vehicle at sale. It was therefore not considered to be something that a perforation or corrosion warranty is designed to cover. As a result, the adjudicator was unable to uphold the complaint in Mr D's favour, and could not request that the repair was covered by the warranty.

The consumer rejected the outcome on the basis that he felt that the inspection of the vehicle was not independent. The consumer also provided extracts from an internet forum relating to the make of his vehicle to show similar issues with other vehicles. The adjudicator addressed Mr D's concerns, but maintained their decision not to uphold the complaint. The customer therefore requested a final decision from an ombudsman.

Ombudsman's final decision

The ombudsman stated that a vehicle manufacturer is responsible for covering repairs to a car for faults that are considered to be the result of a manufacturing defect, as long as they come to light within the relevant warranty period. However, they are not considered to be liable for damage that has been caused as a result of an external influence, or due to insufficient care or maintenance.

The ombudsman noted that neither party provided a copy of the warranty document, but having previously had sight of the contents of the manufacturer's warranty, and with experience of similar complaints, in order for repairs to the front wheel arches to be covered under the 12-year anti-perforation warranty, the corrosion must be deemed to be "through-corrosion". This is defined as corrosion which has developed from within the material / metal base of the affected area as a result of some form of manufacturing defect and outwards to the surface.

Therefore, the ombudsman stated that any form of corrosion that developed over time due to some other external factor would not be covered under this warranty. They also saw that a franchised dealership inspected the wheel arches, concluding that the damage was most likely to have been caused by stone chips. The manufacturer also relied on these findings, so the ombudsman took this to mean that they also agreed that the issue wasn't "through-corrosion". Mr D had not provided any photographs to show the damage, and believed that it was caused by "the wheel arch liners rubbing against the inner wheel arch and damaging the paint", thereby enabling the panel to rust and corrode. The ombudsman remarked however, that this didn't constitute "through-corrosion", and would not be covered by the 12-year anti-perforation warranty. Such a defect would have only been covered if it had come to light within the regular three-year warranty.

Mr D was essentially claiming that it was the way a specific part was fitted, which was causing the corrosion. However, such a complaint could only be considered against the party that supplied the car to the consumer, as no sales contract was in place with the manufacturer themselves.

The ombudsman equally noted that Mr D provided extracts from individuals complaining online of similar issues, but the ombudsman was unable to comment on these due to having no information on them. In respect to the consumer questioning the independence of the dealership that inspected the car, these were the only technical comments provided, and The Motor Ombudsman had to rely on the experience and expertise of the business. In fact, Mr D could have arranged for the car to be inspected by another independent dealership or for a technically qualified specialist to examine the damage, but this was not undertaken.

Therefore, based on the information provided, the ombudsman could not uphold Mr D's complaint, as the damage being complained about was not covered by the anti-perforation warranty. This meant that the manufacturer was not liable for covering the costs of repair on behalf of the customer, 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	53,000
Outcome	Partially upheld
Award	Repairs and a further inspection of the vehicle

Mr E purchased a new pickup in March 2015, and in April 2017, rust started to appear on the bodywork. The dealer offered to respray four panels to rectify the issue, but when he took the car back a year later for a service, Mr E explained that the rust had come back, and that small spots were showing on other parts of the vehicle. The business took photos and sent them to the manufacturer, but head office explained that the problem was being caused by stone chips and would only cover the cost of respraying one area – the tailgate.

Mr E entered into the complaints procedure with the manufacturer, but they asked the customer to resolve the issue with the dealership. After a delay due to family issues, Mr E went back to the retailer before his five-year warranty was due to expire. They took more photos and accepted that there were rust spots on every area of the vehicle. The images were then sent to the manufacturer, but they rejected the warranty claim, as they said that the warranty period had expired for surface rust issues, and were not caused by a manufacturing defect. In addition, they withdrew their previous offer to respray the tailgate.

Mr E conducted some online research and discovered that rust was a well-known issue with the white version of his pickup, and that some customers had repairs completed under warranty, whilst others had not.

Response of accredited business

The manufacturer investigated Mr E’s complaint about the rejection of his warranty claim. They explained that the initial repairs to the bodywork, which were deemed to have been caused by stone chips, were authorised as a goodwill gesture for good customer relations.

However, the subsequent claims were rejected on the basis that the damage and subsequent rust spots were deemed to have once again been caused by stone chips. The manufacturer also requested that Mr E took his vehicle back to the dealer for further investigation, but said that there was a significant delay, during which the vehicle’s condition would have only got worse. In addition, they maintained their conclusion that the occurrence of rust was not a manufacturing defect.

Adjudication outcome

The adjudicator noted that the standard manufacturer’s warranty stated that the paint warranty excluded environmental damage and corrosion caused by stone / gravel impacts or salt / sea air damage. The terms of the anti-corrosion warranty said that, abrasions and stone chips that are left unattended can cause extensive damage and were not covered under the terms of this guarantee. This meant that damage caused by stone chips were not covered by either the standard manufacturer’s warranty, or the six-year anti-corrosion cover.

In this case, the business explained that the warranty claim had been rejected on the basis that the damage and subsequent rust spots were again caused by stone chips. As the rust on Mr E’s vehicle was not considered to be a manufacturing defect, the repairs were not covered by the warranty.

However, the consumer disputed this, as they said that the vehicle had initially shown signs of rust around April 2017, and four panels were resprayed to rectify this. However, during the service a year later, the rust had reappeared, and there were signs of small rust spots on every panel of the vehicle. The only area without any sign of rust was the canopy over the pickup bed, which Mr E believed was an indicator of faulty paintwork by the manufacturer.

Regarding Mr E’s comments about other vehicles experiencing similar problems, the adjudicator explained that issues are looked at on a case-by-case basis, and the circumstances surrounding each car will not necessarily be the same, such as the underlying cause of the rust. The possibility of others experiencing similar problems did not demonstrate that Mr E’s vehicle was suffering from a manufacturing defect that would be covered under the warranty.

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

Having reviewed the evidence provided, including the images of Mr E's vehicle, it appeared that some of the rust spots were caused by damage due to stone chips. Although his vehicle was repaired previously, the business said this was carried out at the time as a goodwill gesture. However, when the vehicle was previously inspected, it appeared that not all the corrosion was found to be caused by stone chips. Although they found the corrosion on the bonnet of the vehicle had been the result of external impacts, and so wouldn't be covered by the warranty, they confirmed that they would be able to authorise a repair to the tailgate under the manufacturer's warranty.

The images provided showed corrosion under the tailgate door handle, which did not appear to be due to impact damage, meaning that the cause of the corrosion to the tailgate was not the same as that found on the bonnet of the vehicle, which is why the repair to the tailgate had been authorised under the manufacturer's warranty.

In conclusion, the adjudicator acknowledged that there were signs of corrosion and small rust spots on every panel of the vehicle, with the evidence demonstrating that it was more likely than not that some of the rust on the vehicle was the result of poor workmanship or materials used during the manufacturing process. As a result, Mr E's complaint was partially upheld, as the adjudicator concluded that the New Car Code had been breached.

It was advised that the business should carry out repairs to the tailgate of the vehicle under warranty, as previously agreed. Due to the time that had passed, the business was also directed to carry out a further inspection of the vehicle to determine the cause of the corrosion on the rest of the vehicle and to rectify any defects found to be covered under warranty. Neither party disputed 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	2 years old
Vehicle mileage	23,000
Outcome	Upheld
Award	Courtesy car and repair (already provided)

Ms F bought a new luxury 4x4 from a dealership in October 2016. Around two years later, it broke down, and the car was recovered to another franchise dealer to investigate the warning lights and the lack of performance that the vehicle was suffering from. The faults were found to be caused by a failure of the turbo and the turbocharger oil feed pipe. However, the business was able to source the replacement turbocharger to carry out the warranty repairs, but were unable to get hold of the oil feed pipe, meaning that they couldn't fix the vehicle under the new car warranty.

As a result, Ms F's car was kept at the dealership as it was undrivable, and she received no indication as to when the part would be in stock. The manufacturer however, continued to meet their warranty obligation of providing the consumer with a courtesy car, but was significantly different to the one that she owned.

As a resolution to this dispute, Ms F was looking for a confirmation of the date of the availability of the new part that was preventing the warranty work from going ahead, a loan vehicle which was equivalent to Ms F's car, for the manufacturer to cover the monthly finance payments for the period that her car had remained off the road due to the fault (equating to around £3,400), and a payment of £850 as a gesture of goodwill to cover the vehicle's next service to recognise the time spent by Ms F trying to resolve the issue.

Response of accredited business

Ms F contacted the manufacturer in December 2018 in relation to the turbo repair, but as one of the parts was not available, the work could not go ahead, the consumer was therefore provided with a loan vehicle from the beginning of November when her car was at the retailer. The component arrived at the beginning of January 2019, and Ms F was happy for the case that they had open to be closed in mid-January following the successful repair. Ms F advised that she was contacting The Motor Ombudsman due to the case being open for eight weeks with little response from the manufacturer. However, their records showed that Ms F had been contacted a total of seven times in December 2018 and January 2019.

Adjudication outcome

Under the Motor Industry Code of Practice for New Cars, the manufacturer is obliged to ensure that *"spare parts will be made available from the time a new model is launched, throughout its production and for a reasonable period thereafter"*.

Due to the oil feed pipe not being available for a period of time, the adjudicator was satisfied that there had been a breach of the New Car Code. They also clarified that The Motor Ombudsman is unable to recommend a financial award where there has been no quantifiable loss (i.e. compensation for distress, inconvenience, trouble and upset), so could not award the £850 for the servicing cost.

In terms of the financial "losses" that Ms F was looking to claim in relation to the finance repayments, these were not considered additional costs to the consumer that arose as a result of inaction by the manufacturer. In addition, these payments were not "lost", as they contributed to the repayment of her finance agreement. Therefore, no compensation was requested from the manufacturer.

In conclusion, the adjudicator upheld the case in Ms F's favour, as there had been a breach of the New Car Code. However, no further action was needed to be taken by the manufacturer, as the repair had already taken place and Ms F was kept mobile throughout. Both parties accepted the outcome, and the case was closed.

2.3 Vehicle Warranty Products Code



Unveiled in 2009, the **Motor Industry Code of Practice for Vehicle Warranty Products** aims to provide guidelines for the supply of automotive warranties, including coverage of both insured and non-insured products. The Code currently represents about 70% of the industry’s major providers that administer over two million products to consumers.

The Vehicle Warranty Products Code covers the following principal areas:

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

No changes were made to the content of the [Vehicle Warranty Products Code](#) in 2020.

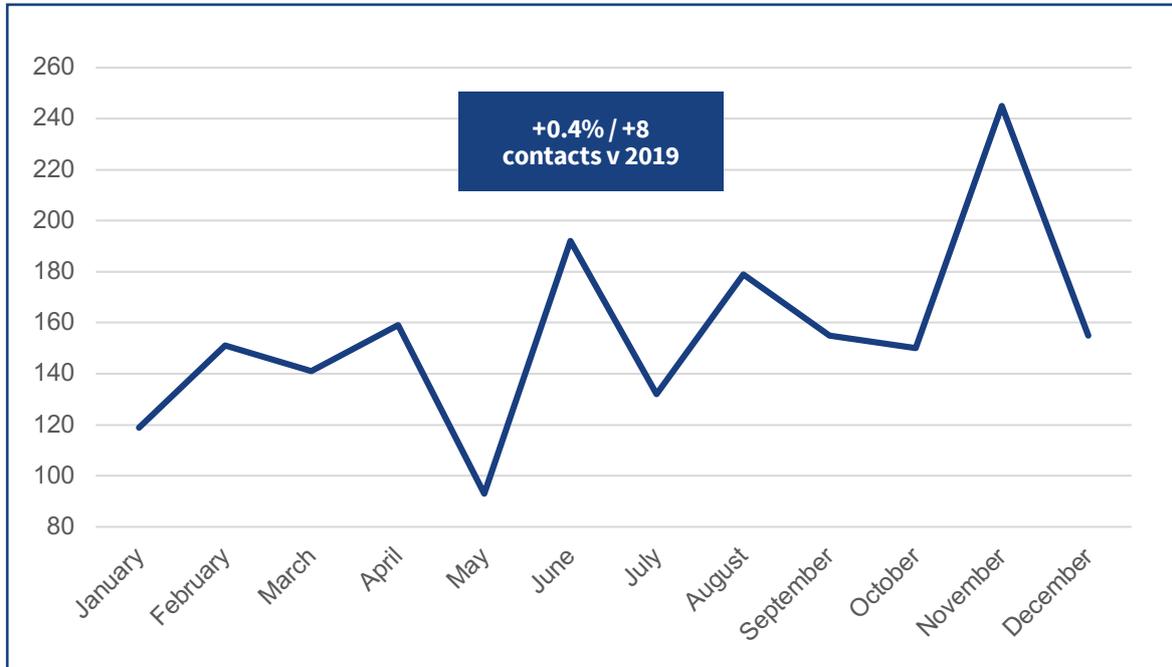
2.3.1 Vehicle Warranty Products Code performance data

	2018	2019	2020	Trend (2020 v 2019)
Consumer contacts	1,502	1,863	1,871	▲
Early resolutions	0	2	15	▲
Adjudication cases*	162	287	364	▲
Ombudsman final decisions	16	9	30	▲
Escalation rate (Contacts to cases)	11%	15%	19%	▲

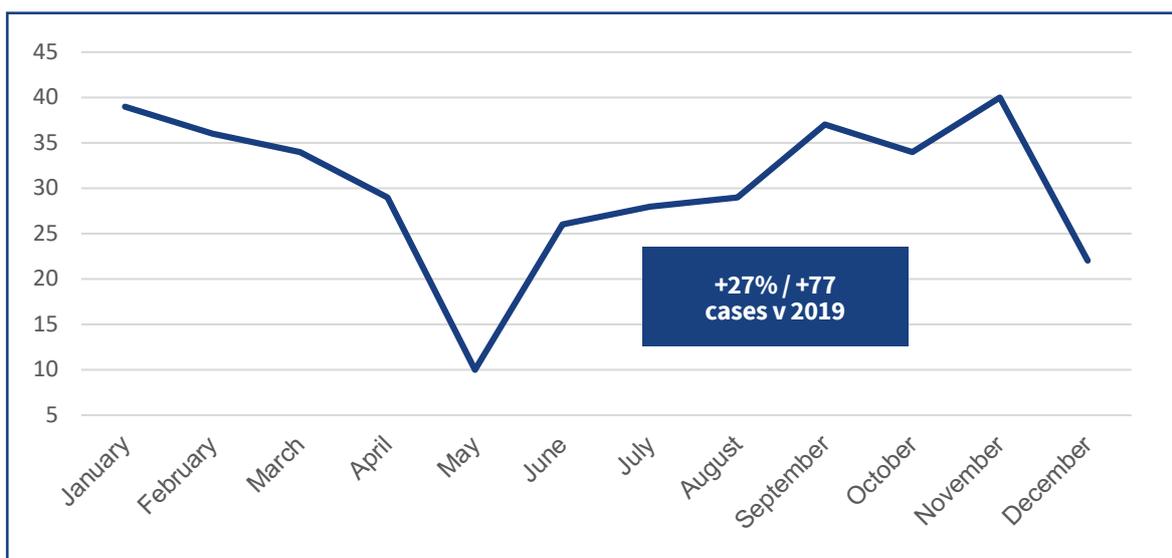
* The adjudication cases figure relates to the volume of cases passed to the case investigation stage for review.

2.3.2 Vehicle Warranty Products Code performance charts

Vehicle Warranty Code contact volumes by month (Jan - Dec 2020)



Vehicle Warranty Code case volumes by month (Jan - Dec 2020)



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	2018	2019	2020	Trend (2020 v 2019)
1.0 Advertising	10%	3%	2%	▼
2.0 Point of sale	52%	30%	33%	▲
3.0 Clarity of information	11%	50%	43%	▼
4.0 Claims handling	27%	17%	21%	▲

Consumer complaints relating to the Vehicle Warranty Products Code in 2020 resulted from the following principal breaches:

3.0 Clarity of information (43% of breaches)

- Warranty terms and conditions were not written in plain English, and were ambiguous or difficult to understand [3.1]⁶;
- Product information was not written in plain English [3.0]; and
- The consumer was not fully informed about which components were and were not covered by the warranty product [3.4].

2.0 Point of sale (33%):

- 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].

4.0 Claims handling (21%):

- The warranty provider took too long to make a decision on the claim [4.2]; and
- The accredited business did not have a simple claims procedure in place to fairly and promptly process the consumer's claim [4.0]; 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].

⁶Numbers 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 2020.

Consumer's claim

Vehicle age	7 years old
Vehicle mileage	124,000
Outcome	Not upheld
Award	None

Ms G bought a seven-year-old saloon from a used car dealership in April 2019, and purchased a one-year extended warranty through the seller, which cost the consumer £299. Within the 14-day cooling off period, Ms G decided that she no longer wanted the policy. She therefore informed the warranty provider of this and requested a full refund, but the consumer did not receive one.

Ms G then complained again within the required timeframe, and she was told by the warranty provider that the policy had been cancelled and that the refund would be issued via the dealer. However, another month passed, and the consumer did not

get anything, which was now eight weeks since Ms G originally submitted her complaint. The customer argued that the warranty provider was jointly liable for refunding the £299, and was therefore seeking a full refund of the purchase price of the warranty, plus compensation for the unnecessary inconvenience and time that she had incurred trying to resolve the issue.

Response of accredited business

Ms G purchased the vehicle on 4th of April 2019, and the warranty was registered by the dealer on the 23rd of April 2019, paying the warranty provider the relevant fee. Therefore, the policy was taken out directly with the seller, and Ms G paid them, not the warranty provider. However, the warranty provider noted that the consumer had paid £299, and explained that they have no control over what the buyer is ultimately charged for the agreement. In this case, the records showed that the dealership had paid the warranty provider £108.67 including VAT.

On 2nd of May 2019, Ms G contacted the warranty company requesting a full refund, totalling £299, as it was still within the 14-day cooling off period, but they asked the customer to contact the dealer about this, as Ms G had the contract with them. Nevertheless, a week later, the consumer got in touch with the vehicle warranty provider as they had not heard back from the dealer, and claimed that the refund should come from them, meaning that Ms G had pursued both parties to get her money back.

On 11th of June 2019, the cancellation of the policy was registered by the dealer with the warranty provider, and the retailer was refunded the sum of £76.07 that very day, which included an administration fee for the cancellation. Nevertheless, despite the agreement being annulled, Ms G continued to request the refund from the warranty provider, as they had not heard back from the seller, but on 31st of July 2019, the consumer confirmed that they had received a response from the dealer offering them only £150 as a settlement to resolve the dispute, because the business had paid an administration fee to the warranty provider. The warranty provider offered to help bridge the difference by returning their admin fee to the consumer, but Ms G explained that she was still owed £149 in addition to the £150 previously proposed. The warranty provider explained that they could not return more than what they had been paid by the dealer (i.e. the sum of £108.67), and also said in their final response to the consumer on the 16th of August 2019 that they had waived their own cancellation fee to the dealer, so they had been fully refunded.

In addition, the warranty company noted that the dealer had informed them that the refund claim was also the subject of a court case between Ms G and the seller.

Adjudication outcome

Based on the evidence provided by the consumer and the business, the case was not upheld in Ms G's favour due to the fact that the consumer's agreement was taken out by the dealership, and not the warranty provider, so the consumer should have been paid the refund directly from the seller and not the warranty provider.

The adjudicator spoke to all parties concerned, and they confirmed that the consumer had indeed received a full refund, so no further action could be recommended by The Motor Ombudsman, 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	37,000
Outcome	Not upheld
Award	None

Mr H purchased an 09-plate hatchback from a dealership in July 2019, and took out a one-year warranty policy. Two months later, the car broke down. He therefore contacted the seller, as Mr H had bought the warranty agreement through them, as well as the warranty provider itself. The vehicle was recovered to a garage used by the warranty company for a diagnosis, and they advised that the timing chain had jumped, thereby causing the valves to bend and the pistons to be dented. The warranty provider explained that, even though the timing chain was included under the policy, they would however, not cover the claim, as it wasn’t considered to be a sudden mechanical failure, and this part was deemed to have previously been loose, making it a wear and tear issue. The warranty provider offered to cover 50% of the cost, but Mr H was looking for the business to cover the full sum.

Response of accredited business

The warranty provider concluded that the engine damage was the direct result of a lazy timing chain tensioner, which caused a loss of valve to piston timing, and ultimately resulted in the valves coming into contact with the piston crowns. In summary, they noted that this was a maintenance issue that Mr H needed to remedy, as the component had become lazy, but it had not broken. Had there been an actual breakage, the business explained that they would have covered the claim.

The consumer appealed the warranty provider’s decision, but in the absence of any new evidence, they were not in a position to be able to overturn it. They also explained that they were not saying the car did not require a repair, only that they could not cover it under the warranty agreement. They also believed that the customer subsequently exercised their rights under the Consumer Rights Act and asked the selling dealer to pay for the repair, which they agreed to. They were therefore surprised that Mr H had not withdrawn their case with The Motor Ombudsman and were asked to respond to the dispute that had been raised.

Adjudication outcome

The adjudicator reviewed the evidence, and concluded that, according to the terms of the warranty agreement, the vehicle warranty provider only has to cover the repair costs when a covered component suffers “a sudden and unforeseen mechanical failure”. The documentation provided did not show that the issue had caused a sudden mechanical breakdown and was therefore not covered by the policy. As a result, the warranty provider was not contractually obliged to cover Mr H’s costs, and the complaint was therefore not upheld in his favour.

The consumer disagreed with the outcome based on the fact that he thought that the policy stating that it covered timing chains was false advertising, and that they should not be covered under the policy if it’s only a sudden failure which applies. However, the adjudicator did not deem this to be sufficient grounds for which to overturn this outcome. Mr H was advised that he could request a final decision from the ombudsman. Nevertheless, no further action was taken by the customer and the case was closed.



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

Consumer's claim

Vehicle age	6.5 years
Vehicle mileage	85,000
Outcome	Goodwill
Award	Refund of £36

Ms I bought a 63-plate convertible supermini in February 2020, and went online to purchase an extended warranty policy. A month later, she took her car into a garage, and found out on 12th of March via the garage that the warranty claim for the snapped cable for one of the door handles had been declined. However, she was unaware as to why this was the case despite calling the provider multiple times.

Before her vehicle was booked into the garage, she spoke to the warranty provider on 9th of March to discuss the fault, but Ms I said that at no point did they say that the issue would not be covered. The consumer stated that the garage charged 30 minutes of labour for the diagnostics, but the warranty provider invoiced Ms I at the full hourly rate (i.e. £72), with the customer complaining that she was not being refunded the

additional half an hour, despite the agent saying that, if the invoice showed just 30 minutes, she would get the difference. Ms I requested a copy of the invoice from the warranty provider, but did not receive one.

To resolve this dispute, the consumer was looking for 30-minute diagnostic charge costing £36 to be refunded, as she considered that she had been overcharged by the warranty provider. In addition, due to the poor customer service and lack of complaint resolution, she was requesting that, as a gesture of goodwill, she also gets £114 which she paid for the repairs.

Response of accredited business

Ms I purchased a listed components policy and ticked the box to indicate that she accepted the terms and conditions of the agreement. In the appendix, it stated the parts included under the plan, and explained that, if the component was not stated, then it was not covered. A door handle cable was not listed, hence the customer's claim was declined, and it was standard practice for the customer to be informed of the decision by phone and / or e-mail.

The warranty provider said that, in this particular case, that one of their staff members had informed the workshop first about the claim being declined, and they proceeded to inform the customer. Ms I then called the warranty company's repairs team and the business apologised for the error. However, by this time, the customer had already appealed the decision so this was now resting with the warranty provider's appeals team.

Ms I pointed out that she had been charged the standard £72 diagnostics fee that is agreed in advance with each customer. In this case, the consumer had been told by the workshop that they had only taken 30 minutes to diagnose the faults and so would only be charging half of the standard one-hour diagnostic fee to the warranty provider. Ms I therefore requested a £36 refund, which the warranty provider agreed to, but the consumer rejected this, preferring to pursue the refund via The Motor Ombudsman. As it was not a valid warranty claim, no further monies could be returned to Ms I.

Adjudication outcome

The adjudicator explained that the consumer had the burden of demonstrating that the fault with the door handle was covered by their warranty agreement. Under the terms of the policy, the business was only obliged to cover repair costs when a covered component suffered a sudden mechanical breakdown, and the door handle cable was also not a listed part that cover was provided for. Therefore, it was not deemed unreasonable that Ms I's claim was declined, and The Motor Ombudsman was therefore unable to ask the warranty provider to refund the consumer for the repair costs.

Regarding the diagnostic fee, the repairer confirmed that the diagnostic investigations only took 30 minutes, and the adjudicator agreed that it would be reasonable for Ms I to only be charged half of the hourly cost of £72. They also noted that the business had offered to refund £36, and no further action was necessary.

In conclusion, whilst the customer service and claim handling fell below the expectations of the customer, the business had apologised and offered to refund half of the diagnostic fee, which the adjudicator deemed to be a fair and reasonable resolution to Ms I's complaint. The consumer accepted the outcome, and the case was closed.

2.4 Vehicle Sales Code



Launched in 2016, **the Motor Industry Code of Practice for Vehicle Sales** focuses on the sale of both new and used cars at an accredited garage, dealership or used car outlet, as well as the supply of finance and warranties. It covers areas, such as the use of transparent wording of advertising and pricing, clear and transparent invoicing, and that the sale of a used car is supported by a vehicle provenance check to ensure that it has not been stolen, written-off and is free of any outstanding finance payments. Businesses accredited to the Vehicle Sales Code can be found on The Motor Ombudsman's Garage Finder.⁷

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 2020.

2.4.1 Vehicle Sales Code performance data

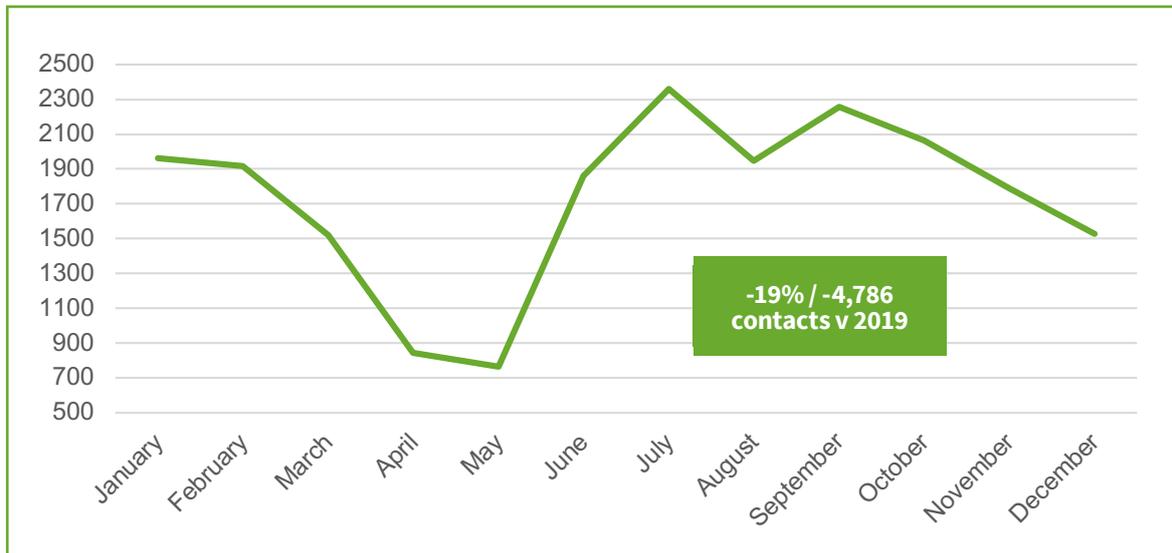
	2018	2019	2020	Trend (2020 v 2019)
Consumer contacts	27,977	25,608	20,822	▼
Early resolutions	4	5	142	▲
Adjudication cases*	1,993	2,623	2,753	▲
Ombudsman final decisions	161	155	222	▲
Escalation rate (Contacts to cases)	7%	10%	13%	▲

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

⁷ www.themotorombudsman.org/garage-finder

2.4.2 Vehicle Sales Code performance charts

Vehicle Sales Code contact volumes by month (Jan - Dec 2020)



Vehicle Sales Code case volumes by month (Jan - Dec 2020)



2.4.3 Vehicle Sales Code performance analysis

In 2020, consumer contacts in relation to the Vehicle Sales Code dropped by nearly a fifth (**19%**), or close to 4,800, compared to the year before. The total of 20,822 was in fact the lowest volume seen in the last three years, down from 27,977 in 2018. Conversely, the number of contacts being passed to case investigators rose by **5%** to 2,753, up from 2019's total of 2,623. Mirroring the trend in cases and contacts for the Service and Repair and New Car Codes, contact and case volumes dipped in tandem with the introduction of government lockdowns in response to the Coronavirus pandemic. The contact to case escalation rate rose very slightly to 13%, from 10% a year earlier.

It should be noted that the number of early resolutions increased significantly year-on-year (i.e. 5 to 142), as this stage of the dispute resolution process was only reported on during the final three months of 2019, as stated in last year's ICAP Report.

2.4.4 Vehicle Sales Code cases by breach

Source of breach	2018	2019	2020	Trend (2020 v 2019)
1.0 Advertising	11%	7%	8%	▲
2.0 Presentation of used cars for sale	6%	9%	6%	▼
3.0 Presentation of new cars for sale	2%	2%	1%	▼
4.0 The vehicle sales process	11%	7%	6%	▼
5.0 Provision of warranty products	0%	1%	8%	▲
6.0 Provision of finance products	2%	1%	1%	-
7.0 Quality of a vehicle at the point of purchase	55%	48%	58%	▲
8.0 Aftersales support	12%	25%	9%	▼
9.0 Complaints handling	1%	1%	7%	▲

Consumer complaints relating to the Vehicle Sales Code in 2020 resulted from the following principal breaches:

7.0 Vehicle purchase quality (58% of breaches):

- The accredited business did not ensure that the vehicle supplied to the consumer was of a high-quality standard [7.0]⁸; and
- 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]; and
- The customer did not receive a full documented handover regarding the operation of the vehicle and associated documentation made available to the accredited business [7.2].

8.0 Aftersales support (9%):

- The accredited business did not meet its legal obligations to the consumer [8.5];
- The accredited business did not provide the customer with aftersales support and assistance following the purchase of their vehicle [8.0]; and
- The consumer was not made aware of the aftersales support available by the vehicle retailer [8.1].

9.0 Presentation of used cars for sale (7%):

- The accredited business did not handle complaints swiftly or follow the guidance detailed in the Complaints Handling section of the Service and Repair Code [9.0];
- The accredited business did not have in place an accessible arrangement for the handling of complaints, or details of the complaints procedure were not made available to the customer on request [9.2]; and
- The accredited business did not take effective immediate action in order to ensure that the customer received a fair response to their complaint [9.1].

⁸ 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	Less than 1 year
Vehicle mileage	5,000
Outcome	Not upheld
Award	None

At the end of March 2018, Mr J went to a car dealership, as he was interested in purchasing a 67-plate SUV on the forecourt, listed at a price of £21,000. He liked the car, so Mr J discussed the cost with the business and negotiated it down to £20,500. They also offered the consumer £800 for his car in part exchange.

Towards the beginning of April 2018, Mr J contacted the dealer to make sure that everything was arranged to collect the SUV, and mentioned that he would not be bringing in his own car for the part exchange, as he had got a better price elsewhere. Shortly afterwards, the business called back to say that the price of the SUV had been

increased by £200, as Mr J was no longer part exchanging his old car as part of the sale. However, the consumer disputed this, as the business had not stipulated that the price of his new car was dependent on receiving his old one, and thought that the part exchange was essentially a deposit on the SUV. Mr J also stated that, had he been aware that his car was worth £1,000 from the outset, he would have reconsidered before selling it.

The consumer claimed that the dealership said that they would be making a loss on the vehicle at £20,500 if there was no part exchange. They also offered Mr J a refund on his deposit, but said that that the dealer knew that it would cost him more than £200 for him to commute to work and to find another vehicle. Therefore, he felt pressured into buying the car at a higher price because the dealership knew that Mr J would be worse off.

Response of accredited business

After looking into the deal, Mr J originally asked to finance the vehicle, and a quote was provided with a deposit contribution of £500, which was paid for by the financial services arm of the manufacturer. However, at the last minute, the customer then changed it to a cash deal, so he would not get the £500 contribution. Therefore, they offered Mr J a further £300 discount, which led the consumer to believe that he was paying an additional £200. This was not the case, and the dealership stated that they were in a worse financial position if he paid cash. The business also explained that they had paid for his road tax at a cost of £140.

Adjudication outcome

The adjudicator reviewed the evidence, and could see from the consumer's submission that the main cause for concern was the increased price after Mr J decided not to part exchange his old vehicle. From the point of view of the business, they stated that the deal was originally for the vehicle to be bought on finance, which is what the initial quote of £20,500 was based on. This included a £500 deposit contribution. However, as the purchase was no longer being made using a finance agreement, the £500 contribution did not apply, thereby putting the cost of the car back up to £21,000. When Mr J disputed this, the business discounted the vehicle by £300, and paid for the road tax as a gesture of goodwill.

The adjudicator concluded that the business had not breached The Motor Ombudsman's Vehicle Sales Code, as the cost was made clear to Mr J when he was buying the SUV. The consumer was therefore able to choose to purchase another vehicle based on the price, but he decided not to. As a result, the adjudicator did not uphold the complaint in Mr J's favour.

The consumer disputed the adjudication outcome on the grounds that he did not receive a gesture of goodwill, and that he deemed that the business would be getting his part exchanged vehicle for free if the price was increasing to £21,000 due to the absence of a finance agreement. However, the adjudicator stated that there was insufficient evidence for the adjudicator to change their outcome, and the consumer therefore requested a final decision from an ombudsman.

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

Ombudsman's final decision

The ombudsman stated that it was made clear to Mr J that the original quote for the SUV was subject to the part exchange of his old vehicle. The ombudsman appreciated the consumer sold the car elsewhere due to the more favourable price, but this meant that the dealership was also entitled to revise the quote, because the price they were willing to sell the car for had taken the part exchange into account.

Furthermore, Mr J claimed that he had always made it clear to the dealership that it would be a cash purchase, but the ombudsman had no evidence to support this. From the two separate quotes for the vehicle that were presented, the first one included a £500 contribution, which the dealership stated was a finance contribution subject to the car being purchased on finance, whilst the second quote only had a £300 dealership contribution. The ombudsman stated that the two quotes would have been provided based on discussions with Mr J, so they were not persuaded that the consumer had made it clear during his initial visit that it would always be a cash purchase.

Furthermore, the ombudsman understood that Mr J was disappointed that he had to pay £200 more than he was initially quoted, but this was based on certain conditions being adhered to, which were indeed not satisfied, as the customer had changed the way they wished to purchase the car. The dealership did also correctly offer to refund the deposit to Mr J so he could walk away from the purchase.

In conclusion, the ombudsman did not believe that the business had contravened the law or The Motor Ombudsman's Vehicle Sales Code. As a result, the case could not be upheld in Mr J's favour, mirroring the adjudication outcome. The consumer rejected the ombudsman's final decision and the case was closed.



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

Consumer’s claim

Vehicle age	5 years old
Vehicle mileage	17,500
Outcome	Goodwill
Award	Rectification of paintwork

Ms K bought a second hand two-seater sports car from a dealership in November 2019, which was nearly five years old. On the day of collection, she noticed that there were scratches along the entire length of the nearside of the vehicle. The dealer therefore took the car back the following week to polish them out.

However, when Ms K went to collect the car, she noticed that the scratches were still there, and other blemishes were also apparent on the paintwork. They agreed to correct the problem once more, but poor workmanship resulted in the problem getting worse. When the business offered to rectify the issue for a third time, the consumer questioned their ability to put things right and, instead, said that they would prefer taking the car to a manufacturer-approved bodyshop.

As a resolution to her dispute, Ms K was looking for the dealer to pay for the repairs at the bodyshop (approximately £1,500), and for the vehicle to be returned in an acceptable standard. Alternatively, as a last resort, she was looking for the business to take back the car and to issue a full refund.

Response of accredited business

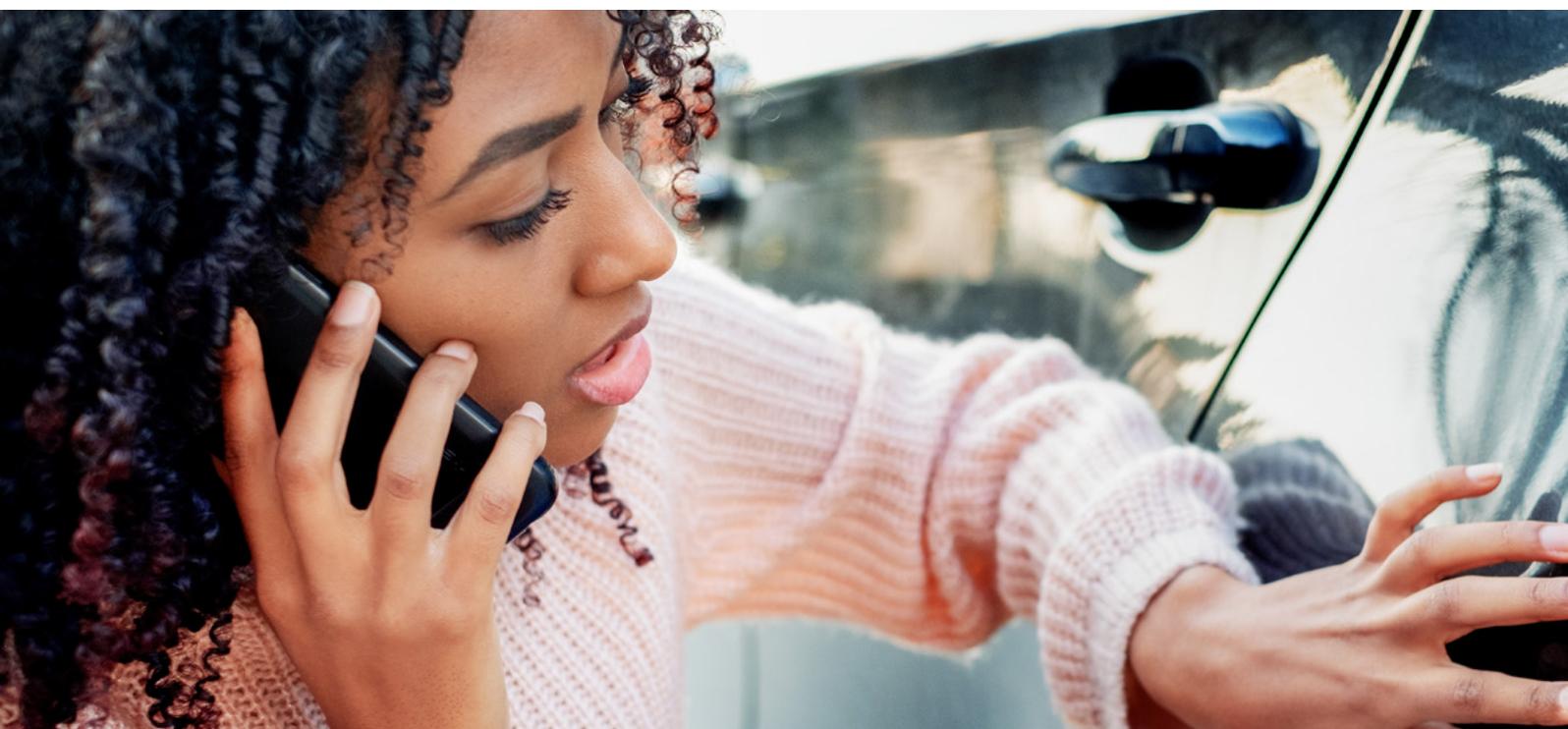
The dealership explained that that they had supplied the car as an Approved Used vehicle, and that the bodywork was in line with the vehicle’s age, mileage and wear. They therefore felt that Ms K’s expectations of the condition of the bodywork were not reasonable, as there would always be a degree of wear.

However, their Aftersales Manager offered the customer, as a gesture of goodwill, to collect the car from Ms K’s home address to be able to investigate and rectify the issue, whilst leaving the consumer with a courtesy vehicle. However, Ms K refused, but the dealership explained that they still had the right to inspect the car, and that this would be their final response to resolve the issue, whilst also inviting the consumer to reconsider their offer.

Adjudication outcome

The adjudicator stated that the business is required to ensure that the vehicle is of satisfactory quality, is fit for purpose and is as described at the point of sale. They also explained that Ms K’s claim would only be successful if the defect was considered to be an inherent fault at the time that the consumer bought the car.

The evidence presented did not demonstrate that the scratches and blemishes existed at the point of sale, and therefore deemed the goodwill gesture offered by the business to collect the vehicle and rectify the paintwork to be a fair resolution to Ms K’s dispute. Ms K agreed with 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	5 years old
Vehicle mileage	62,000
Outcome	Upheld
Award	£228 and one free service

Mr L purchased a used 13-plate saloon from a dealership in December 2016, and he was told by the salesman when buying the car that it was three years into a five-year service plan, and that it would come with the two remaining annual services. This was a significant factor in Mr L's decision to buy the vehicle, and he spent more than his budget on the assumption that he would not have to pay for this cost during the next two years.

After buying the car, he did not get the services from the dealership, and explained that the business had not honoured their promise and denied that the conversation ever took place with Mr L. As well as claiming that he had been misled by the Sales Manager, the customer was also disappointed with the handling and the lack of response to his

formal complaint. Due to the time it took for the dealer to investigate the complaint, Mr L had a service carried out at an independent garage in November 2018, and paid £228.

As a resolution to his dispute, Mr L was looking for the dealership to arrange and cover the cost of the two services that he had been promised i.e. one towards the end of 2018, and the other in 2019. In addition, the consumer was seeking financial compensation for the amount of time and money he spent making phone calls, composing and sending e-mails, having to take a half day off work unpaid to try to resolve the matter, as well as for the depreciation in the value of his car due to the promised services not taking place. The total value of his claim was estimated by Mr L at between £500 to £700.

Response of accredited business

The vehicle was sold from new with the manufacturer's five-year Service Pack, which is valid for five years or 62,150 miles (100,000 kms), whichever comes first. Once it expires by date or mileage, the Pack can no longer be used.

Mr L's car was first serviced by a dealer in June 2015 at 12,716 miles, and a year later by the same business at 31,441 miles. These were the only two services that were carried out by the manufacturer through the service plan and, although it was a five-year or a 62,150-mile agreement, there would have only been one service remaining, which would have been due at around 50,000 miles or in May 2018. The last service was not carried out through the Pack, and the plan would have expired in August 2018 or at 62,150 miles.

The business sold the vehicle to Mr L as a used car, and at no time did they promote the fact that it had services remaining from the plan. As a manufacturer product, the customer would have been able to take the car to one of their dealers to have the services had the plan been live. Mr L took delivery of the car in 2016, but only raised his concern about the plan in 2018. Any devaluation of the vehicle, as claimed by Mr L due to a lack of servicing, was also deemed attributable to him.

Based on this information, the business concluded that they were not liable for covering any of the consumer's costs, and were unable to comment on the lack of communication that Mr L also raised as part of his dispute. As a gesture of goodwill, the business offered the customer a free service at any of their branches or a financial settlement of £250.

Adjudication outcome

The adjudicator reviewed the evidence from both parties, but was not satisfied that the offer made by the business of a free service or a cash equivalent of £250 compensation was a fair resolution.

When looking at the information provided to Mr L at the point of sale in December 2016, he was clearly notified that the next service was due in August 2017 or at 45,183 miles. This should have been the fourth service on the vehicle, and a fifth service should have been carried out in 2018, before the five-year or 62,150-mile Service Pack expired.

Due to the lack of communication and clarity concerning this issue, it was the adjudicator's understanding that the vehicle was not serviced in 2017. Mr L provided a thorough and detailed timeline on his complaint, which clearly outlined the attempts he made to the dealer in order to try to arrange the service, but was unsuccessful in doing so. Whilst the adjudicator understood that the business had no record of this, he had no reason to doubt the consumer's version of events. As a result, Mr L had to arrange for the service in 2018 to be carried out by an independent garage. The adjudicator equally explained to Mr L that The Motor Ombudsman does not award compensation for unquantifiable losses, such as for stress or inconvenience.

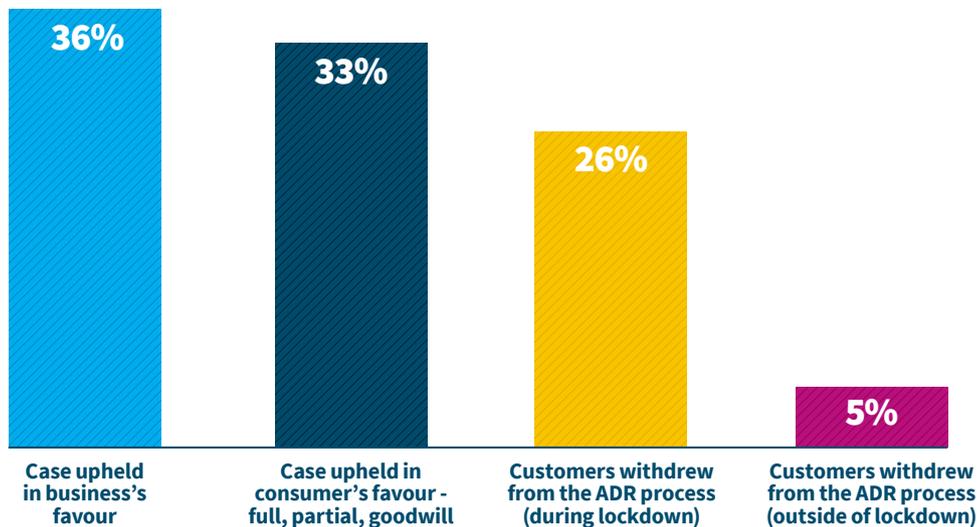
In conclusion, the adjudicator upheld Mr L's complaint, and recommended that the business reimbursed the consumer the cost of the 2018 service (i.e. £228), and provided a free service to make up for the one which was lost in 2017. The customer accepted the adjudication outcome, and the case was closed.

SECTION 3:

Breakdown of case outcomes in 2020



SECTION 3: Breakdown of case outcomes in 2020



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.

There was a significantly higher than usual volume of cases being withdrawn in 2020. However, when a closer look was taken at the data, the vast majority of cases were withdrawn during the periods of lockdown, which was due either to businesses settling cases without The Motor Ombudsman's intervention, or because the Coronavirus pandemic meant the consumer was unable to further pursue the dispute. This is something that is being monitored going forward.

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), in excess of **£1.14 million** was provided as redress during 2020 (compared to more than **£1.13 million** in 2019 and **£1.7 million** in 2018). The amount claimed by consumers, but not awarded, was **£8.40 million** (e.g. requests to reject a vehicle), compared to **£8.24 million** in 2019 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 alternative remedies can be found 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

- 4.1 Online self-assessments and physical audits
- 4.2 Managing non-compliance
- 4.3 Accredited business suspensions in 2020
- 4.4 Accredited business expulsions in 2020
- 4.5 The 2021 enhanced compliance process
- 4.6 CTSI compliance
- 4.7 Compliance with the Ombudsman Association's Service Standards Framework
- 4.8 Delivery of bespoke webinars



SECTION 4: Business compliance monitoring

Business compliance monitoring remained a core focus in 2020. 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 franchise 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 2020, **654** online self-assessments were completed for Service and Repair Code-accredited businesses, with a further **223** remaining in progress. In addition, 187 online self-assessments for Vehicle Sales Code-accredited businesses were undertaken, with a further **92** remaining in progress.

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. However, due to COVID-19, and in agreement with CTSI, no physical on-site audits were carried out during 2020.



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 2020

Three accredited businesses were suspended in early 2020 pending review of the cases by the Independent Compliance Assessment Panel (ICAP) in April 2020.

4.4 Accredited business expulsions in 2020

Three accredited business were expelled by The Motor Ombudsman at a meeting of ICAP members in April 2020. This followed their earlier suspensions due to non-compliance to our case decisions and the terms of our Codes.

4.5 The 2021 enhanced compliance process

In 2020, The Motor Ombudsman carried out a detailed review of its current processes and identified areas to be improved and worked on in 2021.

As a part of this review, a need was identified to harmonise the various compliance processes that currently existed, and the redevelopment of the reporting system was started to help monitor non-compliant businesses much more effectively. This has already helped identify non-compliance a lot soon in the in the dispute resolution process, which has led to a earlier resolution of these cases without the need for escalation. The Motor Ombudsman aims to implement this enhanced process at its full potential in 2021.

4.6 CTSI compliance



CTSI requires that all Motor Ombudsman-accredited businesses display the Approved Code logo on their website.

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 2021.

4.7 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 2020, The Motor Ombudsman undertook the following actions in-line with the five measures detailed within the Service Standards Framework:

<p>1.0 Accessibility</p>	<p>TMO:</p> <ul style="list-style-type: none">  Launched a new version of its web form, providing easier access for consumers making an initial enquiry, as well as identifying future improvements; <hr/>  Reviewed the way it records complaints where they are unable to assist a consumer, including whether to approach the business concerned, and the signposting that is available to customers; and <hr/>  Provided consumers and businesses with support during the coronavirus pandemic through regular updates, the provision of tailored information and reminding consumers in difficult situations that their case can be prioritised.
<p>2.0 Communication</p>	<p>TMO:</p> <ul style="list-style-type: none">  Adapted its adjudications to ensure they are clear, detailed and comprehensible; <hr/>  Looked at telephony systems, improving menu options to allow consumers to be signposted more effectively; and <hr/>  Started using new technologies to provide regular updates to consumers, as well as checking whether people still needed The Motor Ombudsman’s assistance to help with the effective use and allocation of resources.
<p>3.0 Professionalism</p>	<p>TMO:</p> <ul style="list-style-type: none">  Continued to collaborate with key stakeholders in order to gain insight into ADR best practice; <hr/>  Reintroduced its customer feedback surveys to gain valuable input from service users as to what is currently working well and what requires improvement; and <hr/>  Published even more guidance and information on its website, including around the remedies TMO can provide to customers.
<p>4.0 Fairness</p>	<p>TMO:</p> <ul style="list-style-type: none">  Continued to look at the burden of proof and the quality of its investigations, to ensure that both sides are treated equally; <hr/>  Provided further training to its caseworkers, ensuring they are able to reach informed and impartial decisions on complaints; and <hr/>  Commenced reviews into its four Codes of Practice, looking at their suitability and any gaps in their coverage.
<p>5.0 Transparency</p>	<p>TMO:</p> <ul style="list-style-type: none">  Implemented improved internal monitoring, giving better oversight of work; <hr/>  Reviewed its Mission, Vision and Purpose, as well as examining its core Values, With TMO’s new Mission and Values being published on its website; and <hr/>  Strengthened the investigation process to keep both parties informed and engaged, whilst at the same time ensuring that TMO is robust and fair.

4.8 Delivery of bespoke webinars

During 2020, The Motor Ombudsman continued its delivery of online webinars, touching on key subjects affecting the motor industry. The first one in **April** was organised in partnership with Radius Law, Grant Thornton, SMMT and Vinit Mehta Wealth Management, and looked at the **legal and financial issues** facing automotive businesses.

In **July**, the second session in conjunction with Radius Law and GForces, was focused on **distance sales**, a pertinent topic due to car buyers going online to buy or reserve a car as a result of showrooms temporarily closing their doors following trading restrictions brought about by COVID-19.

Finally, in **November**, The Motor Ombudsman conducted a webinar alongside Auto Trader UK and Radius Law, looking at the **future of online retail** in the automotive industry, and how brands are able to adapt to digital retailing.



SECTION 5: ICAP member comments



SECTION 5: ICAP member comments

The Panel's remit includes reviewing annual performance, case handling and sanctions. It also looks at resources and guidance produced by The Motor Ombudsman to assist consumers and accredited businesses.

As previously stated, the Panel commends The Motor Ombudsman for its effectiveness and professionalism during what was a very unconventional year, which was unlike any other, and for supporting garages and consumers alike, as the automotive sector continued to provide a service despite operating in challenging circumstances.

After reviewing this report, the Panel remarked that:

- ✔ It was satisfied that it had completed its scrutinising role despite the remote meetings carried out during 2020 due to COVID-19;
 - ✔ The new case review classifications made it easier for the Panel to review and confirm decisions within a specified framework response;
 - ✔ Random case selection along with detailed reporting from The Motor Ombudsman to the Panel provided a 360-degree assessment of the functioning of the organisation;
 - ✔ Consumer awareness of The Motor Ombudsman had dropped slightly amongst those without a dispute, but had increased slightly for those with a complaint;
 - ✔ It was pleased to note that overall customer satisfaction had remained at 99% with a reduced number of complaints about the service i.e. 36 in 2020 versus 87 in 2019;
 - ✔ Three businesses were expelled during 2020 having been previously suspended.
 - ✔ Chartered Trading Standard Institute (CTSI) and Ombudsman Association (OA) compliance had been maintained during the period;
 - ✔ Early resolution figures are positive to see. An early resolution helps reduce the impact that problems have on the lives of consumers; and
 - ✔ Going forward, and in relation to case selection review, the Panel should consider weighting case reviews in line with case numbers.
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Panel members also noted the following for each of The Motor Ombudsman's four Motor Industry Codes of Practice:



- The main reason for breach of the Service and Repair Code was the standard of work, and there appears to be some straightforward solutions. For example, completing work as agreed and carrying out servicing according to manufacturer guidance
- Early resolutions increased in 2020, which is encouraging
- Again, as noted in previous years, quality of work was the most complained about issue at 47% of Service and Repair Code breaches, despite seeing improvements in 2019
- However, it was disappointing to see that breaches in complaints handling rose so significantly
- At 13,136, the volume of consumer contacts was 4% down on the previous year overall (13,714), with fluctuations in volume reflecting the level of activity during the pandemic
- The annual consumer brand awareness survey showed that 49% of respondents surveyed had a positive view of the service and repair sector in 2020



- The value consumers place on manufacturer warranties for new vehicles is shown by it being the main reason for the breach of the New Car Code. Breaches related to invalidated warranties and consumers not being able to benefit from the policy, reinforce the need for clear information
- Consumer contacts reached 8,729 in 2020 compared to 9,671 a year earlier. It was therefore noted that the number of contacts was down on 2019, in line with sales volumes and COVID-19 lockdowns
- Early resolutions were significantly up on the previous year, rising from 28 in 2019 to 147 in 2020
- Warranty detail and information formed the majority (70%) of New Car Code breaches. This is another potential area for The Motor Ombudsman to provide specific guidance
- It was encouraging to see a decrease in both the number of cases received and the escalation rate in 2020
- New car warranties continue to be a contentious area, which suggests that the industry would benefit from improved training and education in this domain



- Vehicle Warranty Products Code contacts were the lowest in volume out of the four Codes of Practice, but had the highest escalation rate. The main reasons for the breach of the Code were the lack of clarity when it came to the terms and conditions (43%), and insufficient information at the point of sale (33%). This shows how important it is that consumers get clear information about the warranty they are buying
- Claim handling issues accounted for 21% of Code breaches
- Consumer contacts remained at a similar level to the year before (i.e. 1,871 in 2020 versus 1,863 in 2019)
- There were 30 Ombudsman final decisions in 2020, up from 9 in 2019



- Consumer contacts decreased in 2020 to 20,822, from 25,608 in 2019
- As with the other Codes, the contact number fluctuated in line with the COVID-19 lockdowns
- The Panel noted a significant increase in early resolutions, rising from 5 in 2019, to 142 in 2020
- As in previous years, the vehicle quality at the point of purchase was the largest breach of the Code, representing 58% of breaches, and up from 48% in 2019. A potential area of additional guidance The Motor Ombudsman could provide, would be to reiterate the importance of pre-sale checks and legal baseline requirements
- Making sure that vehicles sold to customers meet legal requirements, looks to be a simple action that vehicle sales businesses can take to help reduce consumer complaints



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