**Schedule 5: The Motor Ombudsman**

**Reporting period - 1 October 2020 to 1 October 2021**

1. **the number of domestic disputes the ADR entity has received:**

Across the Reporting Period, TMO has handled 103,001 contacts through its online form, email, post and telephone. The below shows unique contacts as enquiries; the number of disputes received (15,458) and marked as being a potential dispute we could consider; the number of disputes accepted by our service.

It is worth noting that 2021 has been a significant period of change and improvement for TMO. As such, our reporting capabilities have been considerably enhanced – however, this does mean we are recording some data differently, and therefore it is not always directly comparable to previous years.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| No. enquiries received  (domestic) | No. enquiries received  (cross-border) | No. disputes received  (domestic) | No. disputes received  (cross-border) | No. disputes accepted (continued to case)  (domestic) | No. disputes accepted  (continued to case)  (cross-border) |
| 58,495 | 36 | 15,458 | 36 | 5,707 | 0 |

1. **the types of complaints to which the domestic disputes and cross-border disputes relate:**

TMO operates four Codes of Practice:

* the Code of Practice for New Cars, covering manufacturers’ warranties;
* the Code of Practice for Vehicle Warranty Products, covering extended warranties and other types of protection policies;
* the Code of Practice for Service and Repair, covering issues ranging from workmanship to the booking process;
* the Code of Practice for Vehicle Sales, covering everything from the sales process to the quality of the vehicle, be it new or used.

The below shows how many disputes were logged for each code and the number of disputes accepted for each code.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Code** | No. disputes received  (domestic) | No. disputes received  (cross-border) | No. disputes accepted (continued to case)  (domestic) | No. disputes accepted  (continued to case)  (cross-border) |
| **New Car Code** | 1753 | 3 | 1162 | 0 |
| **Vehicle Warranty Products Code** | 438 | 0 | 337 | 0 |
| **Service and Repair Code** | 4017 | 11 | 1546 | 0 |
| **Sales Code** | 6149 | 9 | 2662 | 0 |
| **Non-Code** | 3101 | 13 | 0 | 0 |

1. **a description of any systematic or significant problems that occur frequently and lead to disputes between consumers and traders of which the ADR entity has become aware due to its operations as an ADR entity:**

Used cars remain a high source of consumer frustration and detriment, which is why TMO supports ADR being mandatory in this area – and other areas of the motor industry. This is where we tend to see the highest volume of enquiries about non-accredited businesses and, therefore, a significant proportion of consumers who are unable to access ADR. Where we are able to investigate, we find that used car sales can be difficult to navigate for both consumers and businesses. Specifically, we see:

* Businesses do not always understand the information they must be disclosing to consumers at the point of sale, or provide inaccurate information. Consumers’ purchasing decisions are heavily influenced by factors such as the previous use of the vehicle, its mileage, servicing history and whether it has previously been in an accident. Where this information is not provided, or information is incorrect, it can lead to consumers losing out both in terms of the price paid and the opportunity to purchase a more suitable vehicle elsewhere. Detriment can also be difficult to assess or negligible,
* Consumer expectations are not always in line with the condition of the vehicle. Used vehicles naturally wear out quicker than new, or will experience more unexpected defects, which means that even if a fault arises, it may not engage a consumer’s rights. However, particularly where this occurs soon after purchase or leads to a higher than anticipated bill, consumers can feel entitled to some kind of remedy – even if the issue is age- or mileage-related.
* Equally, businesses selling used vehicles may be more hesitant to support repair costs as they do not believe they are liable for problems that arise. They may also rely on a warranty to cover the costs of repair, but the terms of a warranty may be limited, and this can lead to confusion over a consumer’s rights under the Consumer Rights Act 2015 and other legislation, and their rights under the warranty. There may be instances in which a fault on a used car gives rise to an entitlement under consumer law, and it is important for businesses to be able to distinguish when this is the case. Business says price has been lowered to reflect its condition
* There can also be issues with understanding approved used schemes, as the requirements may differ and, on occasion, a vehicle is sold under the approved used scheme but actually does not meet its terms – for example, it does not have a full service history. Consumers have a reasonably higher expectation of vehicles sold under approved used schemes and, therefore, can be extremely disappointed when the vehicle falls below the desired standard. Businesses need to be careful in ensuring they only market vehicles under a scheme if they meet the eligibility requirements and in managing consumer expectations of quality and durability.

Used cars are not the only area of detriment. For example, we are currently seeing a rise in the number of enquiries about vehicle recovery services – both those offered as standalone products, such as breakdown cover, and those provided to consumers directly by their garage or dealership. At the moment, our scope to consider this type of complaint is limited: however, we are always on the lookout for complaint trends – particularly where the issue is not something presently covered by us – to understand where consumers are struggling to access ADR as well as issues we can address to promote industry-wide change.

1. **any recommendations the ADR entity may have as to how the problems referred to in paragraph (c) could be avoided or resolved in future, in order to raise traders’ standards and to facilitate the exchange of information and best practices:**

TMO strongly supports the proposal to make ADR mandatory in the motor industry, preferably with a sole provider for each sector. This is because we understand that the used car sector, despite the pandemic and its impact on the industry and volume of sales, remains one of the highest sources of consumer detriment – and, whilst we are able to resolve individual complaints and use learnings to create improvement for our accredited businesses, the majority of used car traders are not accredited – leaving their customers without protection, and their only recourse being the courts. It also means they are not committed to the higher levels of service enshrined in our Codes of Practice, which we believe set the gold standard in an unregulated industry for consumers. Finally, it means there is a wealth of data and insight that we are unable to collect and interrogate in order to identify areas of improvement or actions that could be taken. This is why we advocate for a sole provider in each sector, as even if ADR were to be mandatory, a proliferation of ADR providers means information is not concentrated in one space or recorded in a uniform manner, making it much more difficult to use the data meaningfully.

With our accredited businesses, we try to engage with them closely to create good working relationships – allowing us to provide feedback to not only resolve the problems presented to us, but tools for prevention as well. We do this in a variety of ways:

* Allowing businesses access to their complaints data, including the volumes and types of enquiries and disputes considered, as well as more granular information;
* Regular webinars on a variety of topics, including external speakers where appropriate and useful;
* The introduction of thought leadership papers, showcasing our insights on multiple topics;
* Committee meetings for manufacturers and warranty providers, providing a forum for collaboration;
* Individual decisions providing practical recommendations for change;
* Topical emails around the industry, complaint trends and interesting news.

1. **the number of disputes which the ADR entity has refused to deal with, and the percentage share of the grounds set in paragraph 13 of Schedule 3 on which the ADR entity has declined to consider such disputes\*:**

|  |  |
| --- | --- |
| Total no. of disputes rejected\* | 3,050 |

\*Please note that this is based on cases closed in the Reporting Period, whereas the figures in (a) are based on cases opened in the Reporting Period, which is why there is a discrepancy.

|  |  |  |
| --- | --- | --- |
| **Reason** | **No. rejected** | **Percentage of rejected** |
| a) the consumer has not attempted to contact the trader first | 132 | 4% |
| b) the dispute was frivolous or vexatious | 0 | 0% |
| c) the dispute had been previously considered by another ADR body or the court | 9 | 0.3% |
| d) the value fell below the monetary value (above) | 3 | 0.1% |
| e) the consumer did not submit the disputes within the time period specified | 3 | 0.1% |
| f) dealing with the dispute would have impaired the operation of the ADR body | 0 | 0% |
| g) other (enquired too early, not yet complained to trader, trader not member, advice call etc… | 2,903 | 96% |

\*please note this exceeds 100% due to rounding.

1. **the percentage of alternative dispute resolution procedures which were discontinued for operational reasons and, if known, the reasons for discontinuation:**

|  |  |  |
| --- | --- | --- |
|  | **No. discontinued** | **Percentage of discontinued** |
| Discontinued for operational reasons | 0 | 0% |

Reasons for discontinuation:

N/A

1. **the average time taken to resolve domestic disputes and cross-border disputes:**

|  |  |  |
| --- | --- | --- |
|  | **Domestic** | **Cross-border** |
| Average time taken to resolve disputes (from receipt of complaint) | **354** days | N/A |
| Average time taken to resolve disputes (from ‘complete complaint file’) | **89** days | N/A |

Due to operational issues and the pandemic in early 2020, by the end of 2020, we had a significant backlog of cases awaiting investigation. Over the course of 2021, we have recruited additional heads to reduce this backlog – and, as the above figures show, invested considerably in our Adjudication Team to ensure cases, once a complete case file is received, receive an outcome within 90 days or less.

We have also completely revised our investigation processes, placing more of an emphasis on resolving cases early and introducing mediation, as well as making the process of collecting evidence more streamlined and tailored to the individual complaint. We anticipate that in our next Schedule 5 report, these improvements to our timescales will be clearly demonstrated.

1. **the rate of compliance, if known, with the outcomes the alternative dispute resolution procedures (amongst your members, or those you provide ADR for):**

For this Reporting Period, the rate of compliance is 100%.

**Please add any additional information or data you think might be useful or interesting at the bottom of this report.**

Across the Reporting Period, we published a variety of reports on different subjects, providing a wealth of interesting information, data and insight.

* For our
  + press releases, please click [**here**](https://www.themotorombudsman.org/category/useful-information/automotive-views).
  + thought leadership paper on vehicle sales, please click [**here**](https://www.themotorombudsman.org/wp-content/uploads/sites/9/2021/06/Vehicle_Sales_Dispute_Trends_January_to_June_2021_and_Sector_Outlook.pdf).
  + thought leadership paper on service and repair, please click [**here**](https://www.themotorombudsman.org/wp-content/uploads/sites/9/2021/06/Service-and-Repair-Dispute-Trends-in-Quarter-1-and-Sector-Outlook-for-2021-The-Motor-Ombudsman.pdf).
  + thought leadership paper on vulnerability and social media, please click [**here**](https://www.themotorombudsman.org/wp-content/uploads/sites/9/2021/06/Identifying-and-managing-consumer-vulnerability-effectively-in-the-age-of-social-media.pdf).
  + 2020 Independent Compliance Assessment Panel (“ICAP”) report, please click [**here**](https://www.themotorombudsman.org/wp-content/uploads/sites/9/2020/05/ICAP_REPORT_2020.pdf)
  + 2020 Annual Report, please click [**here**](https://www.themotorombudsman.org/wp-content/uploads/sites/9/2016/12/THE-MOTOR-OMBUDSMAN-ANNUAL-REPORT-2020.pdf).

**Schedule 6: The Motor Ombudsman**

**Reporting period - 1 October 2019 to 1 October 2021**

**Information which an ADR entity must communicate to relevant competent authority every two years**

1. **the number of disputes received by the ADR entity and the types of complaints to which the disputes relate:**

Across the Reporting Period, TMO has handled 181,690 contacts through its online form, email, post and telephone. Of those, 81,171 were unique contacts – and we have created 33,469 new cases. The below shows those cases, termed as enquiries; the number of disputes received and marked as being a potential dispute we could consider; the number of disputes accepted by our service and either going through or having gone through early resolution, adjudication or final decision.

It is worth noting that 2021 has been a significant period of change and improvement for TMO. As such, our reporting capabilities have been considerably enhanced – however, this does mean we are recording some data differently, and therefore it is not always directly comparable to previous years.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| No. enquiries received  (domestic) | No. enquiries received  (cross-border) | No. disputes received  (domestic) | No. disputes received  (cross-border) | No. disputes accepted  (domestic) | No. disputes accepted  (cross-border) |
| 33469 | 30 | 11691 | 0 | 7673 | 0 |

**Types of disputes:**

TMO operates four Codes of Practice:

* the Code of Practice for New Cars, covering manufacturers’ warranties;
* the Code of Practice for Vehicle Warranty Products, covering extended warranties and other types of protection policies;
* the Code of Practice for Service and Repair, covering issues ranging from workmanship to the booking process;
* the Code of Practice for Vehicle Sales, covering everything from the sales process to the quality of the vehicle, be it new or used.

The below shows how many unique enquiries and disputes were logged for each Code:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Code** | **No. of domestic enquiries** | **No. of cross-border enquiries** | **No. of domestic disputes** | **No. of cross-border disputes** |
| **New Car Code** | 5400 | 4 | 1625 | 0 |
| **Vehicle Warranty Products Code** | 1081 | 0 | 474 | 0 |
| **Service and Repair Code** | 14250 | 12 | 1935 | 0 |
| **Sales Code** | 16726 | 12 | 3801 | 0 |

1. **the percentage share of alternative dispute resolution procedures which were discontinued before an outcome was reached:**

|  |  |  |
| --- | --- | --- |
| **Reason** | **No. disputes discontinued** | **Percentage discontinued** |
| Rejected for operational reasons | 0 | 0% |
| a) the consumer has not attempted to contact the trader first | 470 | 7% |
| b) the dispute was frivolous or vexatious | 4 | 0.06% |
| c) the dispute had been previously considered by another ADR body or the court | 114 | 1.8% |
| d) the value fell below the monetary value (NB: we do not have a minimum claims limit so this records cases that exceeded it) | 8 | 0.1% |
| e) the consumer did not submit the disputes within the time period specified | 7 | 0.1% |
| f) dealing with the dispute would have impaired the operation of the ADR body | 0 | 0% |
| Case withdrawn by consumer | 630 | 10% |
| Case withdrawn by trader | 0 | 0% |
| Solution reached without ADR | 410 | 6% |
| The trader was not a member of the ADR scheme (if this is a requirement) | 4828 | 75% |

1. **the average time taken to resolve the disputes which the ADR entity has received:**

|  |  |  |
| --- | --- | --- |
|  | **Domestic** | **Cross-border** |
| Average time taken to resolve disputes (from receipt of complaint)\* | 334 days | N/A |
| Average time taken to resolve disputes (from ‘complete complaint file’) | 92 days | N/A |

|  |  |
| --- | --- |
| Total average time taken to resolve disputes | 334 days |

\*Please note that we updated our system to monitor this statistic in 2020 and whilst we backfilled much of 2019’s information, this may not be a complete picture.

1. **the rate of compliance, if known, with the outcomes of its alternative dispute resolution procedures:**

Within this Reporting Period, the rate of compliance is 99%. We had 5 instances of non-compliance with an award, which resulted in the businesses’ expulsion from The Motor Ombudsman.

1. **any recommendations the ADR entity may have as to how any systematic or significant problems that occur frequently and lead to disputes between consumers and traders could be avoided or resolved in future:**

As explained previously, it is our view that any systematic or significant problems can be avoided or resolved by ensuring that all consumers have access to a free-of-charge ADR provider, particularly where that provider is an ombudsman. This is because not only can an ombudsman resolve the individual complaint, but they can use the data gathered to identify trends and systemic problems – and engage with businesses to prevent problems happening in the first place, rather than simply focussing on closing off the issue at hand.

Additionally, there can be more of a focus on business education – not just from engaging with ADR providers, but in the wider consumer protection landscape. Many businesses wish to comply but simply are unaware of or do not understand their legal obligations: they may also not know where to turn for advice in remaining compliant and, especially for SMEs, may not have access to expert information and guidance. More encouragement to engage with ADR, more resources and toolkits for businesses and access to tailored advice could significantly improve the consumer experience.

***(f) This point has been removed in amendments on 1 January 2021***

1. **where the ADR entity provided training to its ADR officials, details of the training it provides:**

* Legal and Consumer Rights Act 2015 training (external)
* Welcome to the Ombudsman training (internal)
* Vehicle Sales Code training (internal)
* New Car Code training (internal)
* Vehicle Warranty Products Code training (internal)
* Service and Repair Code training (internal)
* Vulnerability and accessibility training (internal)
* Mechanical basics training (internal)
* Diversity, equality and inclusion training (external)
* Mental health and wellbeing training (external)
* Mental health and wellbeing for management (external)
* Management, leadership and coaching training (external)
* Introduction to Alternative Dispute Resolution training (internal)
* Call training (internal)
* CTSI call handling training (external)
* Complexity rating training (internal)
* Ad hoc training around new processes and developments (internal)
* Case management and telephony systems training (internal)
* Distance selling training (internal)
* The law and vehicle sales training (internal)
* Core Mediation Skills certificate (external)
* Working from home and wellbeing webinars (external)

1. **an assessment of the effectiveness of an alternative dispute resolution procedure offered by the ADR entity and of possible ways of improving its performance:**

Over this Reporting Period, The Motor Ombudsman has worked extremely hard to increase its effectiveness and quality. This has included:

* Recruiting and retaining more staff, allowing us to handle higher volumes of enquiries and disputes, and considerably improve our service levels;
* Refreshing its quality control processes, ensuring they are rigorous and in line with the standards expected of us both as an Ombudsman and an ADR provider;
* Enhancing its technological capabilities, such as the creation and launch of a new online complaint form to make TMO more accessible and streamline the evidence collection process, and investing in new tools to support caseworkers;
* Introducing mediation as a new way of resolving disputes in a quicker and more amicable way, allowing both consumers and businesses to explore not just the facts of the dispute, but also the emotional impact;
* Reforming our service complaints procedure, alongside giving consumers more mechanisms to provide feedback;
* Increasing visibility and oversight with better management information, performance management and data collection – alongside increasing coaching and support for caseworkers;
* Significantly improving our service levels to ensure consumers and businesses have their issues resolved swiftly, whilst also ensuring our investigations are robust, impartial and thorough.

We are proud of the progress we have made over the course of 2021 but we understand there is more we can do. For example, many of our strategic projects are still in progress, and we believe that once they are completed and implemented, the effectiveness of our caseworkers will be further improved. We also want to build upon the success of mediation and continue to grow early resolution as a way of resolving complaints without the need of a decision, as we have found this to be a highly satisfactory resolution technique for both parties. Finally, we will continue to push for mandating ADR in the motor industry, to ensure that consumers – regardless of which business they use – have the ability to access free, fair and effective ADR.

**Please add any additional information or data you think might be useful or interesting at the bottom of this report.**

For this Reporting Period, the outcomes reached by The Motor Ombudsman at both its adjudication and final decision stages were:

Across the Reporting Period, we published a variety of reports on different subjects, providing a wealth of interesting information, data and insight.

* For our 2019 and 2020 press releases, please click [**here**](https://www.themotorombudsman.org/category/useful-information/automotive-views).
* For our 2019 ICAP report, please click [**here**](http://www.themotorombudsman.org/wp-content/uploads/sites/9/2017/06/ICAP_REPORT_2019.pdf).
* For our 2020 ICAP report, please click [**here**](https://www.themotorombudsman.org/wp-content/uploads/sites/9/2020/05/ICAP_REPORT_2020.pdf).
* For our 2019 Annual Report, please click [**here**](http://www.themotorombudsman.org/wp-content/uploads/sites/9/2016/12/THE-MOTOR-OMBUDSMAN-ANNUAL-REPORT-2019.pdf).
* 2020 Annual Report, please click [**here**](https://www.themotorombudsman.org/wp-content/uploads/sites/9/2016/12/THE-MOTOR-OMBUDSMAN-ANNUAL-REPORT-2020.pdf).