

## Schedule 5: The Motor Ombudsman

### Reporting period – 1 October 2021 to 30 September 2022

#### (a) the number of domestic disputes the ADR entity has received:

Across the reporting Period, TMO has handled 102,407 total contacts through its online form, email, post and telephone.

The below table shows **UNIQUE** contacts as “No of enquiries received”

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)
46,129	11	20,063	11	6,087	0

#### (b) 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 new and used vehicles, from the sales process to the quality of the vehicle.

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)
<b>New Car Code</b>	1,979	0	1,215	0
<b>Vehicle Warranty Products Code</b>	587	0	369	0
<b>Service and Repair Code</b>	4,360	6	1,691	0
<b>Sales Code</b>	8,451	4	2,812	0
<b>Non-Code</b>	4,686	1	0	0

**(c) 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 car sales continues to be the area where we see the highest level of consumer detriment. It is also the sector where we see the highest volume of enquiries about non-accredited businesses. Unfortunately, this results in a proportion of consumers being unable to access any form of ADR. Although as part of our process we do provide information and refer them to both CTSI and Citizens Advice. 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 with detriment sometimes being difficult to assess.
- Consumer expectations are not always in line with the age or mileage of the vehicle. It is not always understood or appreciated that wear and tear items, such as brake pads, disks, clutches and exhaust systems may need replacing sooner after the sale than with a new vehicle, or that the vehicle may experience more unexpected defects. This can be exacerbated where this occurs soon after purchase or leads to a higher than anticipated bill with consumers feeling that they are entitled to some kind of remedy – even if the issue is age or mileage-related, and not covered by consumer rights legislation
- 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, as well as 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 as opposed to asserting "the price has been lowered to reflect its condition".
- There can also be issues with understanding approved used car schemes, as the terms and conditions as well as what is covered under the scheme varies from business to business. It may also be the case that a vehicle sold under the approved used scheme, does not meet the requirements of the scheme – 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 feel more aggrieved when the vehicle falls below the desired standard. Businesses need to ensure they only market vehicles under a scheme if they meet the eligibility requirements and in managing consumer expectations of quality and durability.

We are currently experiencing a rise in the number of enquiries about vehicle recovery services and mobile mechanics following the lockdowns of 2020 and 2021 which are not currently covered by our codes of practice due to CTSI's requirement that businesses must have a fixed location. At the moment, our scope to consider this type of complaint is limited; however, we are reviewing our codes with CTSI to seek a way to include these areas to enable consumers to access ADR.

In the latter half of 2022 we are experiencing an increase in the number of claims being submitted to our service as well as an increase in the costs being claimed. While it is difficult to substantiate the exact reasons behind this, we feel that the current "cost of living" crisis is a key contributing factor.

The volume of vulnerable consumers accessing our service has also increased over the last 12 months, the majority of which are experiencing financial hardships, although we are seeing other categories of vulnerability such as mental wellbeing increase. With vulnerable consumers being managed within TMO's vulnerability framework.

**(d) 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:**

The most significant issue we continue to experience is the volume of consumers who contact our service seeking help and assistance where the business is not accredited to TMO or any other ADR provider. While used car sales constitutes the biggest element, service and repair outlets also make up a significant number of these cases. The result of this is that thousands of consumers are left with no channel for resolving their complaint other than the small claims or court system, with the majority of consumers being put off by the perceived costs or long waiting times.

For this reason, TMO continues to support ADR being mandatory across all sectors of the motor industry, with a single ADR service, preferably an Ombudsman providing free of charge dispute resolution to consumers across the sector.

The benefits provided by mandatory ADR via TMO are as follows:

- All consumers would have access to a free of charge dedicated Automotive related ADR service
- All Businesses would have access to a dedicated automotive ADR service that provides insight into the key areas of customer complaints and how to improve their levels of service and transparency,
- All Businesses would be committed to providing higher levels of service through TMO's Codes of Practice
- The Ombudsman model is recognised as being best practice for ADR and would provide a single channel for consumers to submit their cases, reducing consumer confusion as to where to seek redress and
- The Ombudsman model ensures that data and insight provided by channelling all cases through a single ADR provider enables key trends and issues to be identified more quickly across individual businesses, groups, brands and sectors as well as the industry as a whole.

TMO already engages with our accredited business network, to create constructive working relationships – allowing us to provide feedback to resolve the consumer problems presented to us, but also provide root cause analysis to prevent cases being brought to us in the first place. We do this in a variety of ways:

- Formal 121 case trend review meetings with accredited businesses.
- Providing accredited 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 this may add value to the subject matter being presented
- The introduction of thought leadership papers, showcasing our insights on multiple topics
- Individual decisions providing practical recommendations for change.
- Topical emails around the industry, complaint trends and interesting news.

**(e) 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*	10,694
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\*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	62	0.6%
b) the dispute was frivolous or vexatious	3	0.03%
c) the dispute had been previously considered by another ADR body or the court	28	0.26%
d) the value fell below the monetary value (above)	4	0.04%
e) the consumer did not submit the disputes within the time period specified	19	0.18%
f) dealing with the dispute would have impaired the operation of the ADR body	0	0%
g) non-member	8,651	80.9%
h) non-remit	1,735	16.2%
i) referred to another ADR body	192	1.8%

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

**(f) 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

**(g) 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)	239 days	N/A
Average time taken to resolve disputes (from 'complete complaint file')	59 days	N/A

**(h) 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 99.98%. Representing one business who was non-compliant with the decision and was removed from TMO's ADR service.

**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 have published a variety of reports on various subjects, providing a wealth of interesting information, data, and insight.

- For our
  - press releases, please click [here](#).
  - thought leadership paper on vehicle sales, please click [here](#).
  - thought leadership paper on service and repair, please click [here](#).
  - thought leadership paper on vulnerability and social media, please click [here](#).
  - 2021 Independent Compliance Assessment Panel ("ICAP") report, please click [here](#).
  - 2021 Annual Report, please click [here](#).