



The Motor Ombudsman Annual Report 2016

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Foreword

by the Chief Ombudsman and Managing Director



The year 2016 proved significant for our organisation as we made the transition from Motor Codes to The Motor Ombudsman, and became the first Ombudsman in the automotive sector.

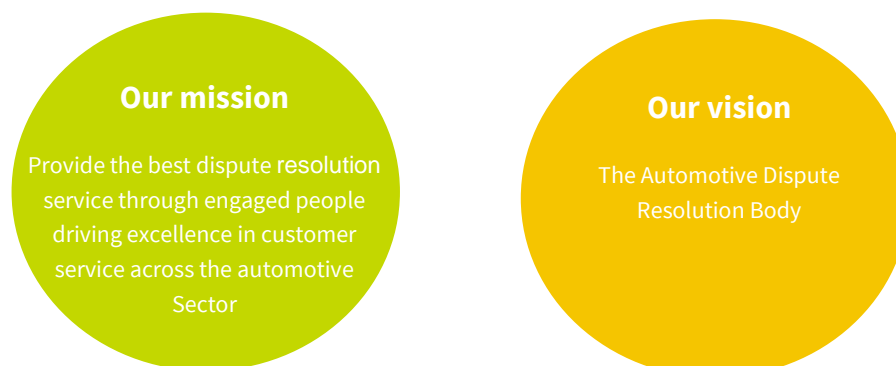
This meant that we witnessed several changes to how we operate in order to comply with the requirements of the Ombudsman Association. We formed a new board of directors which includes non-executive directors from non-automotive backgrounds to ensure that we remain impartial in everything that we do. We also recruited an Ombudsman, thereby bringing the whole dispute resolution service in-house for the first time, and unveiled a new mission and vision to reflect our significant change of direction. From a marketing perspective, we developed a fresh and modern brand identity and website for The Motor Ombudsman, which has since been very well received by our key stakeholders.

2016 equally saw the greatest number of consumer contacts that our organisation has witnessed within a 12-month period. This was the result of more people exercising their rights following the introduction of the Consumer Rights Act and ADR legislation in 2015, and due to the unveiling of our Vehicle Sales Code of Practice, the first Code of its kind in the industry to cover the sale of both new and used cars. This meant that we had to expand our team of legally-trained adjudicators, bringing our total headcount to its highest ever level.

The scope of what has been achieved during the past year would not have been possible without the hard work and dedication of our staff, and I want to express my gratitude for all that they have done. Going forward, we remain committed to driving awareness of our services, and investing our revenue wisely so that we can continue to offer even greater value to today's motorists and our thousands of accredited businesses across the UK.

1. Overview

1.1 Our mission and vision



1.2 Our key roles

The Motor Ombudsman gives its accredited businesses and their customers the opportunity to resolve any complaints between themselves in the first instance, so that the organisation has the chance to put things right and maintain the best possible relationship with the consumer. If a successful conclusion to the problem has not been possible after an eight week period, then, as a fully impartial body, we will look into both sides of the dispute to find a fair and swift resolution for both parties. The Motor Ombudsman is not a regulator for the automotive industry or a consumer watchdog, but the Ombudsman's powers mean that an accredited business can be held to account for their actions, thanks to the terms and conditions of its Motor Industry Codes of Practice.

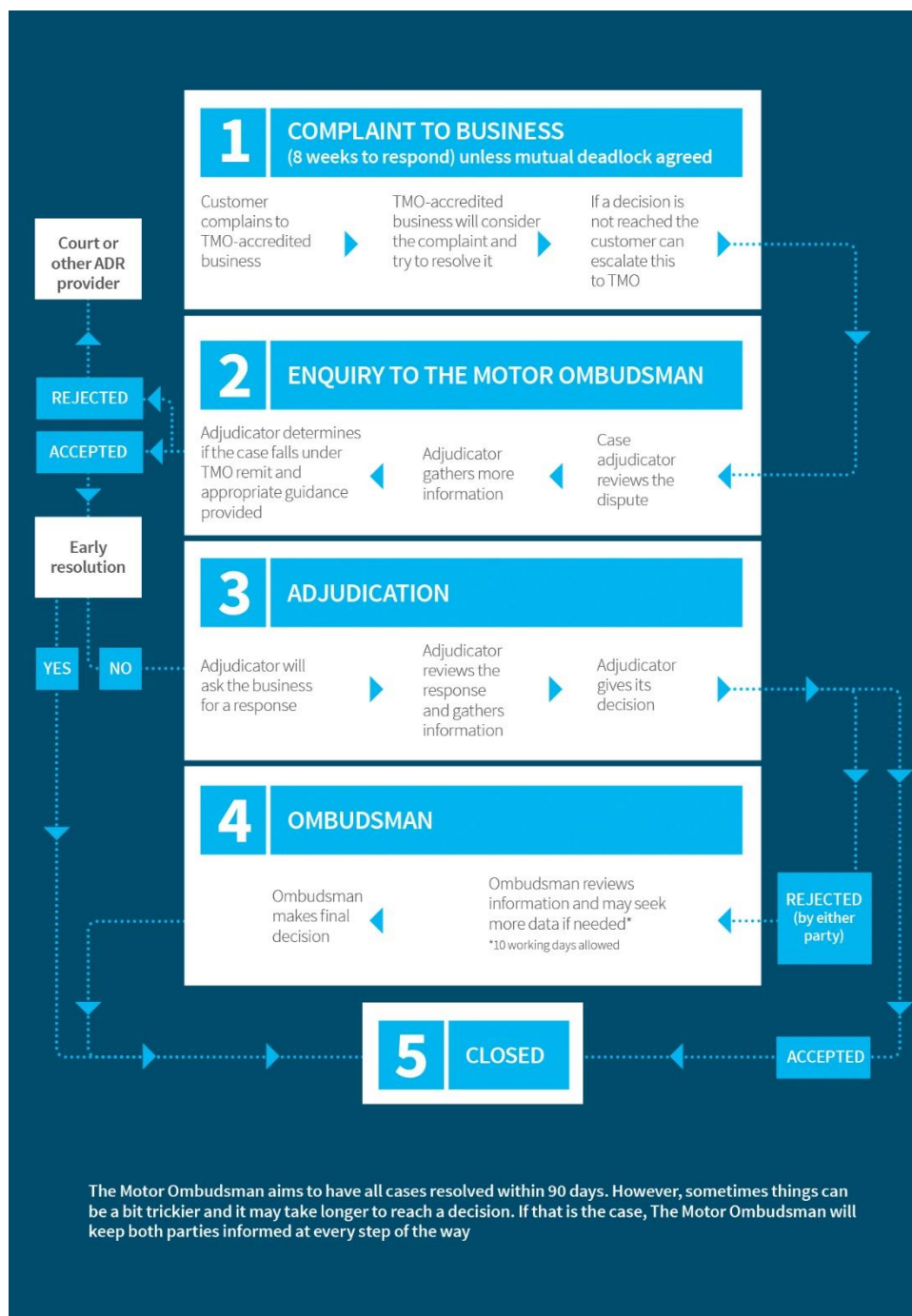
We are fully accountable to The Ombudsman Association, and our work is scrutinised by the Independent Compliance Assessment Panel (ICAP) where we share case findings, amongst other performance data. This information is contained within the ICAP Annual Report which can be downloaded on our website (TheMotorOmbudsman.org).

Furthermore, through the information that we generate from the cases and customer enquiries that we see, this allows us to provide valuable feedback on key industry-wide trends and issues to help continue to drive up standards across the automotive sector.

The Motor Ombudsman website (TheMotorOmbudsman.org) is a valuable online resource for vehicle owners. The portal supplies information on all Codes of Practice, the latest vehicle recalls, and includes an online 'Garage Finder' whereby motorists can search for accredited businesses by postcode and city, and view customer ratings and recommendations.

1.3 The principal stages of The Motor Ombudsman’s dispute resolution process

- ▼ The Motor Ombudsman follows a strict dispute resolution process to ensure that all adjudications are consistent.



An explanation of each stage of the dispute resolution process is as follows:

1 Complaint to the business

A case can only be raised by an adjudicator once the trader has been given a period of eight weeks by the customer to attempt to sort out the issue (this may also be referred to as the “right to respond”), and where during this time, no agreement has been reached between the two parties i.e. there is a deadlock.

2 Enquiry to The Motor Ombudsman

The adjudicator will gather the facts from both parties and look at any breaches of The Motor Ombudsman’s Codes of Practice. The Codes are crucial when reviewing disputes as they underpin the way each case is investigated to ensure a consistent and fair approach for all parties. Consumers and accredited businesses are signposted to the exact clauses of the relevant Code(s) of Practice so there is complete transparency about how each case is reviewed in order to achieve a fair outcome.

▶ Early resolution

“*Early Resolution*” is where an adjudicator will try to resolve things more informally by getting both parties to agree to a mutually acceptable solution, and this can take a matter of days.

3 Case adjudication

The adjudicator will ask for a response from the business based on the consumer dispute to see if there is any scope for goodwill or a suitable remedy to the issue. This will be reviewed before the adjudicator delivers their conclusion in favour of the consumer or accredited business. If either party disputes the adjudicator’s outcome, the case will be passed to the in-house Ombudsman for a final decision, the last stage of The Motor Ombudsman’s involvement in the process.

4 Ombudsman review and final decision

Following consideration of any new evidence, plus those facts provided during the adjudication process, the Ombudsman will issue their final decision. If the consumer accepts it, the business has to make the necessary award or rectification as per the terms and conditions of their accreditation. If the customer does not accept the final decision, they remain free to pursue the matter elsewhere i.e. in the court of law.

5 Case closure

The case will be closed if the adjudicator’s outcome is accepted by both parties or if the consumer has accepted the Ombudsman’s final decision.

In summary:

The Motor Ombudsman can consider disputes if:

- ✓ It involves a business that is accredited to one or more of The Motor Ombudsman's Codes of Practice
- ✓ The consumer made a complaint, but is not satisfied with the response of the accredited business (i.e. the trader's letter which is issued at the end of their own in-house review which should be conducted within a period of eight weeks)
- ✓ It was referred to The Motor Ombudsman within 12 months of the date of the accredited business's final response

The Motor Ombudsman cannot consider disputes if:

- ✗ The consumer has not raised the dispute with the accredited business themselves and given them a period of eight weeks to try to resolve the issue and respond with their outcome in writing
- ✗ It is already being dealt with by a court of law, another ombudsman or a regulatory body, unless both parties have agreed to place that action on hold

1.4 Our Codes of Practice

The Motor Ombudsman offers a suite of four CTSI-approved Codes of Practice where a business i.e. an independent garage, franchise car dealership, vehicle warranty provider and vehicle manufacturer, can voluntarily apply for accreditation. The Codes provide the automotive industry with a set of recognised standards, allowing businesses to understand and improve their procedures whilst giving consumers peace of mind that they are adhering to measurable high standards of service.



New Cars

Launched in **2004**, the **New Car Code** ensures that vehicle manufacturers supply new cars and warranties to consumers responsibly. The Code helps to ensure that new car buyers will not be misled by adverts, that documentation supplied with the vehicle is easy to understand, that terms of the warranty will be respected if the car is serviced according to the recommended guidelines, and that any complaints will be handled swiftly. There are 39 subscribers to the New Car Code, meaning that 99% of all new vehicles sold across the UK are covered by this comprehensive guide of best practice.



Service and Repair

The **Service and Repair Code**, which was introduced in **2008**, ensures that consumers receive an honest and fair service when visiting an accredited business' premises for work or repairs on their car. It covers the use of clear advertising, open and transparent pricing, completing extra work only with prior agreement, and the use of competent and qualified staff. Around 25% of the total volume of businesses that are accredited to the Service and Repair Code are independent garages, whilst the remainder are franchise dealerships which represent over 95% of all franchised outlets. All accredited businesses represent around 30% of MOT stations in the UK and are listed on The Motor Ombudsman's Garage Finder.



Vehicle Warranties

Unveiled in **2010**, the **Vehicle Warranty Products Motor Industry Code of Practice** aims to drive up standards across a wide range of automotive warranties, including insured and non-insured products, by committing accredited businesses to higher standards than required by law. The Code currently represents about 70% of the industry's major providers that administer over three million products and is fully approved under the Chartered Trading Standards Institute's Consumer Codes Approval scheme (CCAS).



Vehicle Sales

Introduced in September **2016**, the **Vehicle Sales Motor Industry Code of Practice** provides guidelines on the sale of both new and used cars, as well as the supply of finance and warranties, and covers nine different areas. These include the transparent wording of adverts and pricing, clear and transparent invoicing, and the sale of a used car which 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. Independent garages and franchise dealers which are accredited to the Vehicle Sales Code can be found on The Motor Ombudsman's Garage Finder.

1.5 Governance

Our board of directors

The Motor Ombudsman's Board of Directors is tasked with overseeing the efficiency and governance of the organisation. Meeting the requirements of the Ombudsman Association, the Board combines Executive Directors and Non-Executive Directors. The Non-Executive Directors are all from a non-automotive background, and have no association or affiliation to any motoring organisations. This is to ensure the impartiality of the Board and to protect the independence of The Motor Ombudsman.

Members of the Board are invited to attend meetings every three months where the last quarter's financial performance, key activities undertaken, the long-term business plan, and existing and future projects are reviewed, amongst other agenda items.



Mike Hawes

Chairman

Skills and experience

Mike became Chief Executive of the Society of Motor Manufacturers and Traders (SMMT) in September 2013. He has more than 20 years of experience in policy and public affairs, the majority of which has been spent in the motor industry. He joined the SMMT from Bentley Motors where he held a number of PR, corporate and public affairs roles.

Prior to that, he also worked for Toyota, and Bentley's parent company, Volkswagen AG, where he developed the European and global knowledge needed for this challenging role.

In the role of Chairman, Mike Hawes leads the Board and ensures that it meets its statutory and corporate responsibilities, and is effective in its decision-making.



Seftton Samuels

Director & Secretary

Skills and experience

Seftton was appointed to the Board in 2008, after becoming the Director and Secretary of the SMMT in 2000. He was promoted to the position of Operations Director at the SMMT in 2014 and leads the teams that deliver finance, ICT, automotive data and legal services for the group's commercial and policy activities, members and stakeholders.



Bill Fennell

Managing Director

Skills and experience

Bill has worked in the motor industry for almost three decades, and has held senior roles at JLR, BMW and Rover, amongst other vehicle manufacturers. Bill has a first class reputation for enhancing consumer satisfaction.

Appointed Managing Director and Chief Ombudsman of The Motor Ombudsman by the Board of Directors, Bill is responsible for proposing the budget and financial forecast, and ensuring that the organisation has a clear strategy and direction, with effective management for its current and future needs.

In addition, he provides the necessary oversight to ensure that the information supplied to the Board is of sufficient accuracy and quality, and is clear in terms of the content and the actions required. He equally plays a key role in “setting the tone from the top”, role-modelling the organisation’s culture and values, as well as serving as an ambassador for the body.

Ron Gainsford (OBE)

Non-Executive Director



Skills and experience

Ron Gainsford joined the Chartered Trading Standards Institute (CTSI) as its CEO in February 2002. He was previously a member of the Independent Compliance Assessment Panel in 2010 and was appointed Vice President of the CTSI in 2013.



Frances Harrison

Non-Executive Director

Skills and experience

Frances is a member of the Legal Services consumer panel, a former member of the Financial Services Authority consumer panel, vice chair of the Brighton and Hove Citizens Advice Bureau and a policy adviser to the training organisation, Developing Youth Practice. She is also a member of the Finance and Leasing

Association's Lending Code Group. Frances has worked for the National Consumer Council as Head of Policy Research and Development, the National Association of Citizens Advice Bureaux as a specialist support officer and local authorities where she has managed consumer advice services. She chaired Consumer Congress and the Institute of Consumer Affairs and has represented consumers on government working groups.



Simon Smith

Non-Executive Director

Skills and experience

Simon has worked in various Commercial and Senior Management roles in a range of industries for the past 32 years. His career started as a marine broker in Lloyds of London, and he went on to hold a number of roles in the Insurance and Risk Management sector, where he was latterly a Director of Aon Risk Services. He was co-founder of a successful software business in the aerospace sector which was acquired by an international avionics supplier. Simon has also served as Committee Member on corporate governance boards and operational review boards. Simon currently holds several Non-Executive Director and Business Advisor roles across a number of industries and is also Trustee and Chair of Trustees to a number of charities.

1.6 Our company culture

We employ a highly motivated and trained team of individuals who are dedicated to delivering our core values and responsibilities. *“The Motor Ombudsman Way”* was introduced as a simple set of aspirations which sustain a positive working environment and outward perception of the business, and maintain a positive approach of individuals towards their work.

Furthermore, to support the delivery of our services, we place an ongoing focus on ensuring we have the right staff, in whom we continue to invest. In support of this aspiration, the following people vision was created:

“Deliver quality and customer service through motivated, team-orientated people”

We also adhere to the Investors in People Bronze Standard, demonstrating our continued commitment to realising the potential of our personnel. An application will be made for the Silver Standard in 2017.



1.7 Our team



Peter Enyan

Finance Manager

Skills and experience

Peter brings a wealth of expertise and knowledge to The Motor Ombudsman. He joined from the British Society for Immunology after spending seven years in the role of Finance Manager. Prior to this, he worked at East London Advanced Technology Training where he held the position of Director of Finance and Resources between 2004 and 2007. Peter holds the ACMA (CIMA) and CGMA accounting qualifications.



Natasha Gasson

Ombudsman

Skills and experience

Natasha studied law at university and completed internships at the Home Office and the Law Society. After graduating, she worked as an adjudicator with the Financial Ombudsman Service, before moving to the Nursing and Midwifery Council where she assessed cases relating to the conduct of nurses and midwives in the UK.



Mark Hallam

Business Services Manager

Skills and experience

Mark has over 30 years' experience of the motor industry, and his role as part of the senior management team is to assist and advise the Managing Director with the development of the business. His remit is to develop new and innovative proposals to drive profitability and efficiency gains across the business.

He has held a variety of roles at General Motors and the wider automotive sector including retail and fleet sales and sales management, regional management and network development.



Vanessa Horsey

Marketing Manager

Skills and experience

Vanessa has extensive experience of working within marketing, insight and performance teams. She has worked for The University of Law in a variety of roles, including the position of Marketing Manager. She also has an MSc in Management and

Business Research Methods.



Holly McAllister

Head of Customer Service and Quality

Skills and experience

Holly joined Motor Codes in 2008 following the launch of the Service and Repair Code, and has served in a number of positions within the conciliation and advisory service.

Holly has played a central role in the development of the advisory service. She was appointed Head of Customer Service and Quality, forming part of the leadership team in 2014. This was so as to ensure the continued delivery of the excellent services that Motor Codes provides, thereby freeing up management to focus on business development.

1.8 Compliance and impartiality

Independence and impartiality are core to the work of The Motor Ombudsman. To ensure that we remain fully impartial, and that we and all of our accredited businesses comply with each of the Codes of Practice, we are overseen by the Independent Compliance Assessment Panel (ICAP). It is made up of senior and experienced figures from the automotive sector and the wider business community. All members operate on a voluntary basis, and passionately share in the vision, values and mission of The Motor Ombudsman. An Annual Compliance Report (ACR) is produced to ensure transparency of all activities and information.

The Independent Compliance Assessment Panel is made up of the following members:

Tim Milsom

Chairman



Tim Milsom is an experienced motor industry professional who runs his own consultancy specialising in **Trading Standards** civil law compliance, and is an Associate of the Department for Business, Energy and Industrial Strategy (**BEIS**).

Tim Milsom 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-backed 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.

Duncan MacRae



Duncan MacRae is the National Operations Manager at **The Automobile Association** and brings industry expertise.

He has worked at The AA since 2003, and during the last 13 years, Duncan has served in a variety of positions. He has overseen various operations including the management of the Supplier Network Management department, the Garage Approval programme, the AA brand, Police National Vehicle Recovery Schemes and the Dealership Quality Standards Programme.

Duncan 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 and the Competition and Markets Authority. Previously he worked at HM Treasury, the Department of the Environment and the Department for Transport.

Employed for over 20 years at 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.

Paul Swindon



Paul Swindon is Company Secretary and Head of Regulatory at the **British Association of Removers (BAR)**. BAR is the first UK Trade Association to have Assured Advice, under the Primary Authority regulations, a Chartered Trading Standards Institute-approved Code of Practice and an independent Alternative Dispute Resolution (ADR) scheme, ahead of legislation. For more than a century, The British Association of Removers (BAR) has been promoting excellence in the

Removals Industry.

Judith Turner



Judith Turner is Head of ADR and the Senior Ombudsman at **The Furniture Ombudsman**. She read Law at King's College London for three years before graduating with honours in 1998. Judith then went on to complete the Legal Practice Course (LPC) and a training contract before qualifying as a solicitor in 2001. She was previously employed by a City Law firm, practising in Commercial Law. An experienced legal professional, Judith also specialises in Alternative Dispute Resolution and joined The Furniture Ombudsman in 2011.

Since her appointment, Judith has written and presented a wide variety of training courses on consumer law and compliance.

Jon Walters



Jon Walters has held the position of Consumer Service Delivery Manager at **Citizens Advice** for the last three years. Prior to this, he was the Service Delivery Manager at the Furniture Ombudsman and a Performance and Quality Officer at the Office of Fair Trading (OfT).

1.9 Our funding model

As a revenue-generating business, The Motor Ombudsman is principally funded through the following sources of income:

- ▶ **Annual Code accreditations:** These represent our biggest revenue stream. All four of our Codes of Practice carry an annual fee, and every accreditation is applied for and renewed by a business on a voluntary basis.
- ▶ **Online training modules:** With the introduction of ADR legislation and the Consumer Rights Act 2015, we offer paid-for online training modules which are available to accredited businesses to aid continued compliance with the very latest regulations impacting on the automotive sector. The portfolio of courses will be further expanded in 2017.
- ▶ **Code Shop:** Accredited businesses are able to purchase branded Motor Ombudsman materials and stationery from our online portal for them to display at their premises. This is for garages and dealers to be able to increase visibility of their accreditation, and to provide added reassurance to consumers that they are accredited to one or more of The Motor Ombudsman's CTSI-approved Codes of Practice.

Approved by the Chartered Trading Standards Institute, Alternative Dispute Resolution (ADR) provided by The Motor Ombudsman is a free service for consumers, from the raising of a case through to the Ombudsman's final decision.

2. 2016 highlights

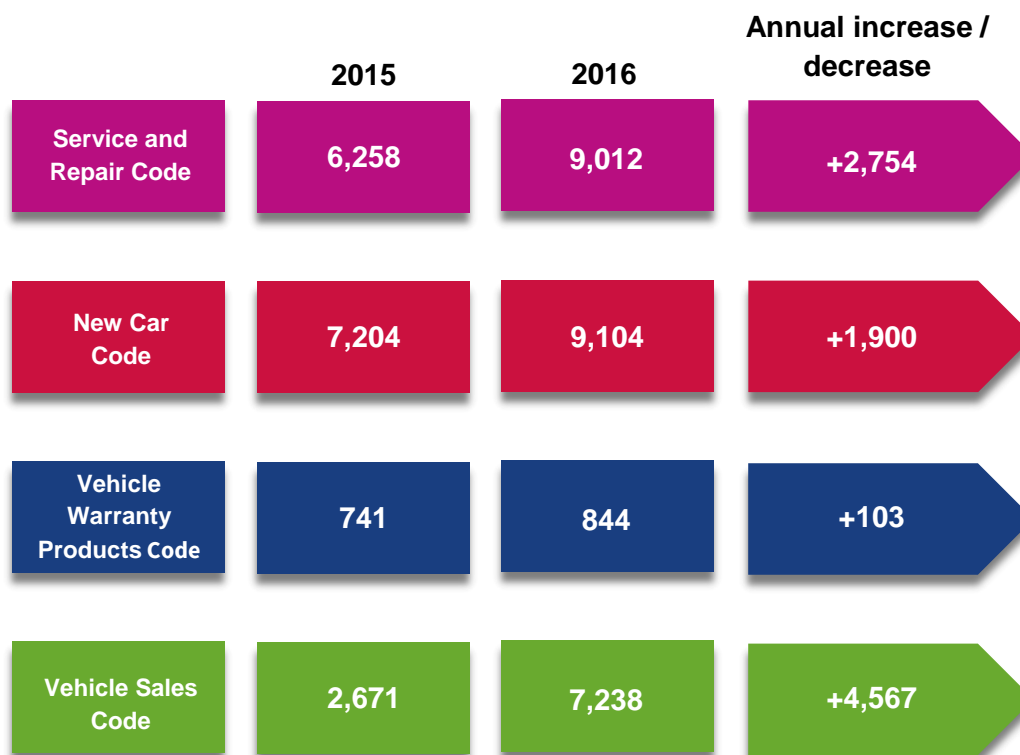
An overview of 2016: month by month

January	February	March
<ul style="list-style-type: none"> ▶ We appointed a marketing agency to create the new brand identity and colour palette for The Motor Ombudsman. 	<ul style="list-style-type: none"> ▶ The Motor Ombudsman received provisional approval from the Ombudsman Association. ▶ We finalised the corporate identity for The Motor Ombudsman. 	<ul style="list-style-type: none"> ▶ We recruited three additional members of staff to our adjudication team. ▶ We started work on the development of the brand guidelines for The Motor Ombudsman.
April	May	June
<ul style="list-style-type: none"> ▶ Development of branding for The Motor Ombudsman continued. 	<ul style="list-style-type: none"> ▶ Development of branding for The Motor Ombudsman continued. 	<ul style="list-style-type: none"> ▶ The Motor Ombudsman gained full Ombudsman status from the Ombudsman Association. ▶ We started to meet with vehicle manufacturers and dealer groups to inform them of the launch of The Motor Ombudsman, and its associated benefits. ▶ We formally appointed the Chief Ombudsman and Non-Executive Directors to The Motor Ombudsman board.
July	August	September
<ul style="list-style-type: none"> ▶ SsangYong and Infiniti joined the New Car Code of Practice. ▶ SsangYong dealer network signed up to the Service and Repair Code of Practice. ▶ We appointed an in-house Ombudsman in-line with Ombudsman Association requirements. 	<ul style="list-style-type: none"> ▶ We started the design and development of the new Motor Ombudsman website (www.TheMotorOmbudsman.org). 	<ul style="list-style-type: none"> ▶ We introduced the Vehicle Sales Motor Industry Code of Practice following Stage One approval from the CTSI. ▶ We defined the new mission and vision for The Motor Ombudsman. ▶ We adopted an amended consumer complaints process in-line with that required by the Ombudsman Association
October	November	December
<ul style="list-style-type: none"> ▶ We carried out our teaser campaign to notify accredited businesses of the arrival of The Motor Ombudsman. ▶ We issued Welcome Packs to all accredited businesses. This included new Motor Ombudsman certification, signage and literature. ▶ Motor Codes ceased to exist after 8 years of trading on 31 October. 	<ul style="list-style-type: none"> ▶ We launched The Motor Ombudsman to the public. ▶ We unveiled the brand new website and corporate identity for The Motor Ombudsman. 	<ul style="list-style-type: none"> ▶ We received Stage Two approval from the CTSI for the Vehicle Sales Code of Practice. ▶ We launched our winter campaign.



3. Codes of Practice analysis

Volume of consumer contacts by Code:



The launch of The Motor Ombudsman in November 2016 saw an unprecedented volume of contacts to the adjudication service with a 31% increase versus October 2016, and was 70% higher when compared with the same period in 2015.

Including requests for information, Motor Codes and The Motor Ombudsman saw a combined total of 28,822 contacts during 2016, up 49% versus 2015. Whilst all Codes saw an increase in contact volumes, the New Car Code witnessed the highest level of contacts at 9,104, whilst the Vehicle Sales Code saw a 170% increase in contacts compared to 2015.

Top five sources of consumer contacts:

2015

Top 5 Issues	Code Type
1. Warranty issues (41%)	New Car
2. Work issues (25%)	S&R
3. Staff (12%)	S&R
4. Replacement parts (7%)	New Car
5. Booking issues (4%)	S&R

Top 5 Issues	Code Type
1. Work issues (16%)	S&R
2. Replacement parts (14%)	New Car
3. Advertising (13%)	New Car
4. Warranty issues (11%)	New Car
5. Vehicle Purchase – quality (8%)	Vehicle Sales

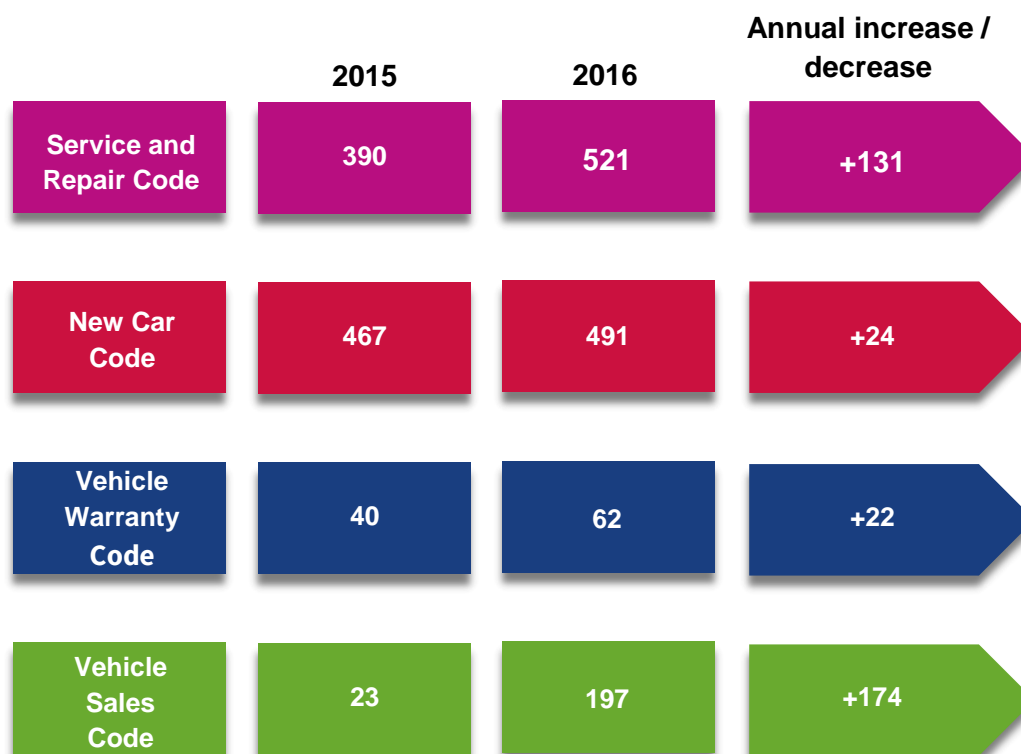


2016

Issues raised by customers regarding the work carried out by a garage was the most from the contacts received by customers but still decreased as a proportion of the total contacts received during 2016.

The quality of the vehicle purchase made an entry for the first time as a result of the introduction of the Vehicle Sales Code, and was the fifth biggest concern of consumers during the year.

Volume of adjudication cases by Code:



4. Code of Practice case studies

Consumer claims: adjudication outcomes and Ombudsman final decisions

4.1 Service & Repair Code

▶ Consumer's claim

Mr W claimed that the nearside front driveshaft fitted to his car was the incorrect part – number C127 instead of C172 – and that this had caused additional damage to his car's wheel, suspension arm, hub and flange. He had the problems repaired elsewhere, which cost £310, and was seeking to recover these costs from the original garage.

▶ Response of accredited business

The garage offered a refund for the original repair but was not willing to cover the cost of the extra damage because it had been repaired before they had been notified. They had therefore been unable to verify that all of the items on the invoice were related to their mistake. Furthermore, they felt the price of the repair was much higher than what it would have cost them, with some parts listed at 200% of cost price.

▶ Adjudication outcome

The adjudicator who looked at the case thought the garage had acted fairly. Because Mr W hadn't given them a chance to inspect the vehicle or authorise repairs elsewhere, he thought it wouldn't be right to ask them to pay the extra costs. Therefore, even though there was a breach of the Service and Repair Code as the incorrect part had been fitted, the garage had acted correctly to put things right. Mr W disagreed with the outcome, and therefore, a final decision was requested.

▶ Final decision

The final decision supported the conclusions reached by the adjudicator. The Ombudsman felt that, without technical evidence to prove that all of the damage claimed for was directly linked to the fitting of the incorrect part, it wasn't fair to ask the garage to refund the money. Sadly, the damaged parts were no longer available for inspection which meant it was almost impossible for Mr W to obtain the technical information needed. Mr W also didn't contact the garage when the problems arose to give them the chance to put things right themselves – which is really what consumers should do when they find an issue with a garage's service or repair. As such, in these particular circumstances, the fairest solution was to refund the initial repair. Mr W accepted the reasoning given and the offer by the garage in full and final settlement, which subsequently brought the complaint to a close.

4.2 New Car Code

▶ Consumer's claim

Mr P's car broke down without any warning lights on the dashboard. A coolant leak was subsequently identified, and although the car was outside of warranty, it was fixed under goodwill with Mr P making a small contribution. There was no indication of any engine damage at that stage. However, a few weeks after the repair, the car broke down again and it was found that the vehicle needed a new cylinder head and engine block due to overheating. The overheating was so severe that some of the metal had melted and Mr P was faced with a bill of £11,000 to fix the damage. He therefore complained to the manufacturer and was seeking £5,000 for the value of his vehicle, £315 as a refund of the initial repair and compensation for his distress and inconvenience.

▶ Response of accredited business

The manufacturer believed that they had acted fairly by offering goodwill of around £4,000, to reduce his bill to £7,000, despite the car being out of warranty. The manufacturer said that, considering the extent of the overheating, Mr P would have seen a warning light and that he probably continued driving the vehicle despite this, thereby contributing to the damage. The manufacturer also thought that the original repair to the coolant leak could

have been the issue which was not their responsibility. As such, the manufacturer was not looking to offer anything further.

▶ **Adjudication outcome**

The adjudicator said they could not find any evidence to show there was a manufacturing defect on the vehicle. Therefore, in the circumstances, the offer made by the manufacturer was fair, and to this end, the adjudicator did not ask them to do anything more for Mr P. Mr P disagreed with this and said there was no warning light on his vehicle, which was clear evidence of a defect, and therefore requested a final decision from the Ombudsman.

▶ **Final decision**

The Ombudsman broadly agreed with the adjudicator that the outcome was fair. However, the Ombudsman was clear that when a vehicle is outside of warranty, there is no obligation for a manufacturer to assist with the cost of repairs even if a manufacturing defect is present on the car. As such, the manufacturer was acting more than reasonably and the Ombudsman could not enforce that they do anything differently. The Ombudsman said Mr P could complain to the dealership that repaired his vehicle initially under the Service and Repair Code and see if they would be willing to assist, but there was nothing more that could be done with the case against the manufacturer. No further case was opened.

4.3 Vehicle Sales Code

▶ **Consumer's claim**

Ms D bought a new car in December 2013 for £7,500. In July 2014, the car required its first replacement clutch. In September 2015, it needed a further clutch, and then, over the course of the next year, a new engine, a new exhaust and the driver's seat broke off its base. All repairs were done under warranty. However, due to their general dissatisfaction with the car, Ms D requested a like-for-like replacement for free in August 2016 under their legal rights.

▶ **Response of accredited business**

The dealership said that, in their view, none of the faults presented were there when the car was sold, so there was no entitlement to a like-for-like free of charge replacement. The dealership was willing to offer them £2,500 as a part-exchange value for the car and to help them get into a new deal, but were not prepared to offer anything further.

▶ **Adjudication outcome**

The adjudicator looked at the case, and felt that the business had acted fairly because there was no entitlement under the Code or the relevant law for the consumer to be put into a replacement car for free. As such, the business was making a goodwill gesture and this could therefore be whatever they felt was reasonable in the circumstances. The adjudicator concluded that no further award could be made. Ms D disagreed because they felt the part-

exchange value offered for the car was very low, and therefore the case was referred for a final decision.

▶ Final decision

The Ombudsman considered that the first fault in July 2014 was within the first six months and so would have been presumed present at the point of sale. However, it was repaired and the burden was now on Ms D to prove that the rest of the faults existed at the point of sale. As they had been unable to do so, and taking into account that at the time of the complaint there were no faults with the vehicle, a right to a like-for-like free of charge replacement did not exist. It was felt that a history of faults does not necessarily give rise to a valid claim to a replacement or refund. The Ombudsman asked why the valuation of the car was £2,500, as this did seem low, and was informed that the vehicle was in a non-saleable condition irrespective of the previous repairs. As such, it was found that the offer made by the business was reasonable in the circumstances.

4.4 Vehicle Warranty Products Code

▶ Consumer's claim

Ms H bought a used car which came with a free extended warranty. Six weeks after purchase, it was found that the timing chain tensioner had failed and caused consequential damage to surrounding components in the engine – costing just under £4,000 to repair. An independent engineer commissioned by the warranty company stated that they felt the tensioner failed due to wear and tear and, because there was a 90 day exclusion period for wear-and-tear claims, the claim was not covered. Ms H commissioned her own report which stated that these problems were covered under the manufacturer's warranty and were a known issue, meaning that the extended warranty should pay. As the warranty company continued to refuse the claim, Ms H complained.

▶ Response of accredited business

The warranty company said that they felt that their independent engineer's report carried more weight because he had found a definitive reason for the failure, whereas Ms H's engineer had not come up with a cause – he had just ruled out wear and tear. As such, they stood by their decision not to allow the claim as, whilst it would have been covered if it had been more than 90 days since the sale, it fell within the initial exclusion period.

▶ Adjudication outcome

The adjudicator looked at the case and, having assessed the independent reports, they preferred the report produced for the warranty company for the same reasons as they gave. It was therefore concluded that the tensioner failed due to wear and tear and the complaint was not upheld. Ms H was unhappy with this and so asked for the Ombudsman to consider the complaint.

▶ Final decision

The Ombudsman disagreed that the cause of failure was wear and tear. Having carefully read both reports, both engineers agreed that the tensioner was known to fail at very low mileages, which was inconsistent with gradual wear. Instead, both reports appeared to suggest that the issue was known to the manufacturer, that the manufacturer covered claims within the warranty period, despite a timing chain being designed to last the lifetime of the vehicle, and that the issue was common for that make and model. Ms H's engineer, in particular, confirmed this – explaining that the manufacturer had since modified the part to avoid premature failure. The warranty terms and conditions had a specific exclusion for damage caused by a manufacturing defect, so in the Ombudsman's view, the claim was still excluded albeit under a different term of the warranty.

The Ombudsman therefore issued a provisional decision as, although she was still not upholding the complaint, it was for different reasons – and allowed both parties to comment further. Ms H was understandably unhappy that the Ombudsman still believed the claim was not covered but could not provide any evidence to rule out that the failure was as a result of a manufacturing defect. The provisional decision therefore became final. Ms H was told that, considering how soon after the sale the engine failed, she may have rights against the seller of the vehicle. However, the seller was not a Motor Ombudsman-accredited business, meaning that the Ombudsman could not explore this further.

5. 2016 Customer Code Surveys

As part of its Chartered Trading Standards Institute-approval regime, The Motor Ombudsman conducts an annual study on how car owners view the UK motor industry. It gauges satisfaction levels among new car buyers and customers of The Motor Ombudsman’s network of accredited garages.

In 2016, The Motor Ombudsman received 179,360 completed surveys from people whose cars had been serviced and / or repaired at an accredited business. Independent garages were the subject of 14,865 (8%) of these services, with the majority related to franchised main dealers, 144,037 (80%) and manufacturer authorised repairers, 20,458 surveys (11%). It also received 2,384 completed surveys from new car buyers.

Highlights of the 2016 survey results are as follows:

5.1 2016 Service and Repair Code Survey

Garages score 97% for the quality of the service / repair

The Motor Ombudsman aims to direct consumers to an accredited garage delivering high standards of work. The findings of the service and repair survey suggest the network is fulfilling this objective for the vast majority of customers. The 11,248 consumers who completed the online or paper survey in 2016 collectively scored 97% for the quality of the service and / or repair provided by the garage that they used. That is one percentage point lower than 2015 and 2014.

In 2016, independent garages accredited to the Motor Industry Code of Practice for Service and Repair achieved an aggregate score of 99% for the third year running, highlighting how the independent sector continues to set the standard in this regard.

▼ Quality scores during the past five years

	2012	2013	2014	2015	2016
Overall	97%	97%	98%	98%	97%
Independent garages	98%	98%	99%	99%	99%
Manufacturer-franchise dealers	95%	94%	94%	96%	93%
Manufacturer-authorised repairers	93%	95%	94%	90%	89%

Customer service delivers a 97% satisfaction rate

The UK service and repair sector is highly competitive and consumers have plenty of choice about which garage they use. The Motor Ombudsman’s Service and Repair Code encourages garages to rigorously monitor consumers’ perceptions of customer service and address any issues quickly and efficiently.

Since the introduction of the Motor Industry Code of Practice for Service and Repair, there has been a marked improvement in consumers’ perceptions of the customer service provided by the garages in the network. In 2016, consumers who completed The Motor Ombudsman’s survey scored garages in the network an average 97% for this important

metric. This is one percentage point lower than last year and in line with the 2013 and 2012 scores.

In 2016, independent garages scored 99% for customer service, underlining their very consistent record for the sector on this metric. However, on aggregate, manufacturer-authorised repairers scored 86% in 2016, down three percentage points on 2015. Franchised dealers collectively scored 92% - down three percentage points compared to 2015.

▼ **The independent sector leads the way on customer service**

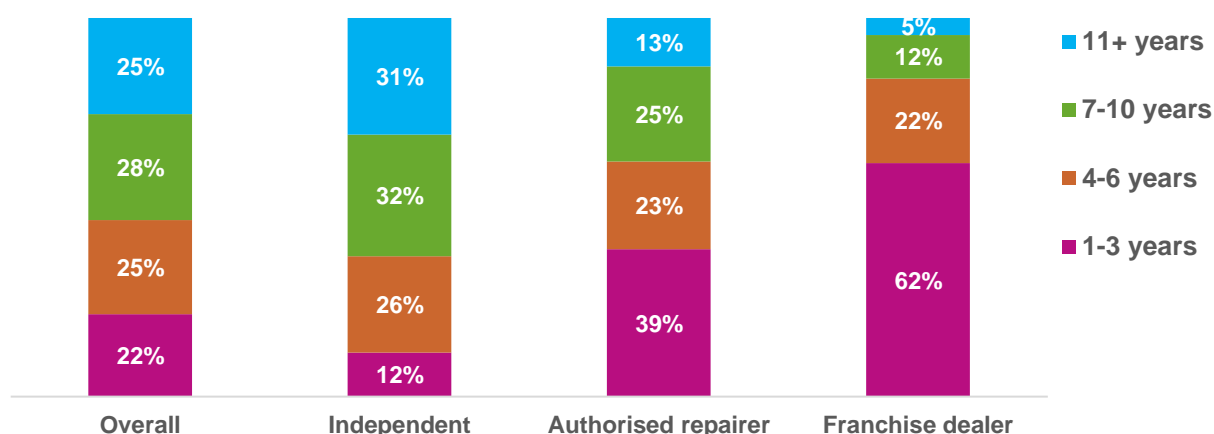
	2012	2013	2014	2015	2016
Overall	97%	97%	98%	98%	97%
Independent garages	98%	98%	98%	99%	99%
Manufacturer-franchised dealers	95%	94%	94%	95%	92%
Manufacturer-authorised repairers	93%	94%	94%	89%	86%

Independent garages generally service older vehicles

The surveys ask respondents to input the age of their vehicle. Some 63% of the cars serviced by independent garages in 2016 were more than six years old, compared with just 16% of the vehicles worked on by garages in the manufacturers' networks. Conversely, 62% of the vehicles serviced and repaired by manufacturer-franchised dealers were less than four years old, potentially reflecting the role of the warranties provided by manufacturers in this market.

▼ **The age of the vehicles worked on by garages in The Motor Ombudsman's network during 2016**

	1-3 years	4-6 years	7-10 years	11+ years
Overall	22%	25%	28%	25%
Independent garages	12%	26%	32%	31%
Manufacturer-franchise dealers	62%	22%	12%	5%
Manufacturer-authorised repairers	39%	23%	25%	13%



Almost all customers would recommend the garage that they used

Word of mouth plays a major role in determining which garages people use. In 2016, 94% of the more than 179,000 consumers responding to the surveys collected by The Motor Ombudsman said that they would recommend the garage that serviced and / or repaired their vehicle to friends and family. Across such a large sample, that high figure demonstrates the consistently high standards being achieved within The Motor Ombudsman network.

Independent garages in The Motor Ombudsman network tend to score exceptionally high on this metric. In the 2016 study, close to 99% of the consumers that had used a garage signed up to the Motor Industry Code of Practice for Service and Repair said they would recommend the garage to friends or family. Manufacturer-franchised dealers and manufacturer-authorized repairers scored 95% and 94% respectively.

▼ The trend in personal garage recommendations

Q: Would you recommend the garage to friends and family?

	2012	2013	2014	2015	2016
Yes	96%	95%	95%	95%	94%
No	4%	5%	5%	5%	6%

Conclusions: The Motor Ombudsman network is meeting its objectives

Many of the scores in the 2016 survey are consistent with those from previous years, which is assuring to see over such a large sample size. Moreover, the absolute ratings are hovering in the mid-nineties, confirming that Motor Ombudsman-accredited businesses are delivering a very positive experience to the vast majority of their customers. The Service and Repair Code continues to raise expectations and standards, enabling people to shop with confidence within the approved network. While the independent garages in The Motor Ombudsman network continue to generate outstanding feedback, most manufacturers' networks are also now achieving very high standards.

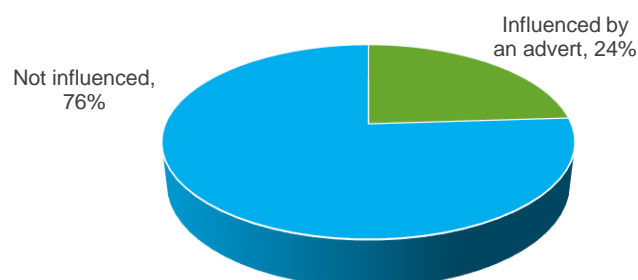
5.2 2016 New Car Code Survey

In 2016, The Motor Ombudsman received 2,384 surveys from new car buyers. This represents a broad dataset that enables The Motor Ombudsman to gauge how car buyers in the UK feel about the cars they have bought and the quality of the retail service they received.

Are car buyers influenced by advertising?

In the 2016 survey, almost a quarter of respondents (24%) acknowledged their purchase decision was influenced by an advertisement. This figure is much lower than in 2015, but is more in line with the 2014 figure of 22%, but this does indicate that advertising is playing a major role in the new car market. It is important to note that these figures capture customer perception and don't necessarily reflect the number of people who are influenced by advertising at a subliminal level.

	2014	2015	2016
Influenced by an advert	22%	38%	24%
Not influenced by an advert	78%	62%	76%



New car buyers rate highly the assistance that they receive from a garage

Choosing a new car is a major decision for most consumers, many of whom look to dealerships for help in selecting the right vehicle for them at the right price. The Motor Ombudsman's survey asks new car buyers to rate their satisfaction with the assistance they received from sales staff. The average score of 96% in the 2016 survey is in line with that carried out in 2015. The vast majority of buyers are clearly happy with the assistance they received in showrooms.

Although customers can find a vast amount of information and reviews about cars online, the strong survey results suggest buyers still value the support of sales staff and dealerships in helping them to select a car, and to customise it to meet their needs.

▼ **Overall customer satisfaction with different aspects of the car buying experience**

	2015	2016
Condition of vehicle upon delivery	96%	96%
The product knowledge of sales staff	94%	94%
Delivery / handover procedure	94%	94%
The explanation of terms and conditions of sale	94%	92%
Clarity of purchase / order documents	94%	92%
Assistance in understanding vehicle functions at delivery	94%	92%
Information regarding delivery date	94%	92%
Explanation of any additional charges	92%	92%
Explanation of terms and conditions of the warranty	90%	90%

A very small fraction of new cars require warranty repairs

Almost 5% of respondents to The Motor Ombudsman’s New Car Code Survey explained that they required a warranty repair on their vehicle within the first two years of ownership. That is down 1% on 2015 and is significantly lower than the 12% score recorded in 2014. This is a key measure of the quality and reliability of new cars.

Each percentage point fall in the proportion of vehicles requiring warranty repairs saves manufacturers significant sums of money, and time and stress for consumers.

▼ **The proportion of cars requiring a repair under warranty**

	2015	2016
Warranty repair required	5.98%	4.9%
Warranty repair not required	94.02%	95.1%

When warranty repairs are required, garages should aim to make the process as smooth as possible for customers. On average, for the 116 consumers that had warranty work carried out on their vehicle, they rated their satisfaction with the handling of the warranty repair at 56% (70% in 2015), while the satisfaction with the turnaround time for the warranty work was rated at 58%. This was down from 72% in 2015, suggesting that manufacturers need to improve both these aspects of their service.

The vast majority of buyers are very happy with their purchase

On average, the respondents in the 2016 Motor Ombudsman new car survey rated their satisfaction with their new vehicle at 95%, which is in line with the previous satisfaction level of 95% seen in both 2015 and 2014. These consistently high figures of over 94% underline how the automotive industry continues to make significant improvements to its products. It equally indicates that most consumers feel they are getting good value for money, as manufacturers further enhance fuel efficiency, reliability, safety and in-vehicle infotainment systems.

Satisfaction with the aftersales service remains high

UK consumers are also generally very happy with the aftersales service provided by manufacturers. In 2016, they rated it at 92%, again in line with last year's figure of 92%, and higher than the satisfaction levels seen in 2014 and 2013 (89% and 90% respectively).

Customers give vehicle manufacturers high marks for overall satisfaction

The Motor Ombudsman's New Car Code poll asks buyers how satisfied they are with the overall experience provided by the vehicle manufacturer. Responses reflect both satisfaction with the car itself and the associated customer service they receive. In 2016, the respondents on average rated their satisfaction with the vehicle manufacturer at 94%, mirroring the score of 2015.

Conclusions – most car manufacturers are delighting customers

The high scores registered by The Motor Ombudsman's New Car Code survey suggest that most consumers are very satisfied with their purchase. The automotive sector is successfully addressing consumer demand for vehicles that are reliable, safe, comfortable and a pleasure to drive. Moreover, the proportion of new vehicles requiring repairs under warranty is reassuringly low and falling. Still, the survey results indicate the industry does need to raise its game when it comes to handling these warranty repairs.

6. 2016 Accredited business survey

Every year, Motor Codes carries out a survey of its accredited businesses to gauge their opinion of the services that it offers. The research was conducted between June to July 2016 prior to the transition to The Motor Ombudsman, and the study was sent to 7,000 garages for completion.

Highlights of the results of the study are as follows:

- ▶ Franchise dealers and independent garages continued to have an encouraging view of Motor Codes with *“helpful”*, *“professional”*, *“standards”*, *“useful”* and *“good”* ranking as the top five words employed by subscribers to describe the organisation. Furthermore, 83% of franchise dealers and 75% of independent garages used a positive word to describe Motor Codes.
- ▶ Customer confidence and being part of a recognised standard and service on dispute resolution were key reasons for becoming accredited (excluding businesses that do not form part of a bulk accreditation).
- ▶ When prompted, accredited businesses put credibility and recognition by the Chartered Trading Standards Institute (CTSI) as their top two reasons for becoming part of Motor Codes.
- ▶ Motor Codes was ranked ahead of other membership groupings in 2016, delivering on quality assurance for customers.
- ▶ Contact with Motor Codes was generally rated as positive, but some accredited businesses experienced delays in receiving a reply by phone or e-mail. A small number of franchise dealers who saw less value in their accreditation, cited a lack of responsiveness from the organisation.
- ▶ The majority, but not all accredited businesses, were aware of the ADR legislation introduced in 2015.
- ▶ The most frequently mentioned suggestion from independent garages for the future improvement of Motor Codes was to increase public awareness.
- ▶ Motor Codes’ online training courses on the Consumer Rights Act and ADR legislation were well received by accredited businesses, and were praised for its relevance to the organisation.

7. Operational development

Investment in Strategic Business Systems (SBS)

Motor Codes and The Motor Ombudsman continued to invest in its Strategic Business Systems (SBS) throughout 2016, including its website and data management systems, bringing significant benefits to consumers and accredited businesses. This resulted in the faster tracking of consumer disputes and the more efficient management of accreditations and renewals. Further investment has been allocated for 2017 to further enhance the IT infrastructure used by The Motor Ombudsman.

8. External relations and best practice

A close working relationship with industry bodies

The Motor Ombudsman works closely with external organisations to continue to drive up industry standards and optimise best practice for the benefit of the consumer.

Chartered Trading Standards Institute (CTSI)



Each Code of Practice offered by The Motor Ombudsman has been approved by the Chartered Trading Standards Institute (CTSI).

The CTSI conducts an audit every year to ensure that both The Motor Ombudsman and its accredited businesses are complying with the Consumer Codes Approval Scheme (CCAS). The annual assessment also examines areas such as the consumer complaints procedure including The Motor Ombudsman's CTSI-approved Alternative Dispute Resolution (ADR) service.

The Motor Ombudsman sits on the **CTSI Code Sponsors Panel**, and its overall aim is to support the aims of the Consumer Codes Approval Scheme (CCAS), to help reduce consumer detriment and raise standards for customers.

Consisting of five sponsors from numerous industry sectors, including Bill Fennell, Managing Director and Chief Ombudsman of The Motor Ombudsman, the role of the Panel is also to help shape the strategic vision of the scheme, to develop and strengthen the core criteria, to bring a trade perspective to the scheme, to engage with new Code Sponsors, and to develop joint marketing strategies. The panel meets three times a year to consider and make recommendations concerning any variations to the terms of the agreement or the criteria and consider any other incidental matter relevant to the activities of the Consumer Codes Approval Board, amongst other agenda items.

The 2016 CTSI Code Panel Sponsor meeting minutes can be downloaded at www.tradingstandards.uk.

Citizens Advice



The Motor Ombudsman works hand-in-hand with Citizens Advice on a daily basis to address key industry issues and trends that are affecting today's motorists. It has been a referral partner for all New Car Code enquiries since 2013 and all new and used car enquiries since 2015.

In the event that a consumer seeks to resolve a complaint through adjudication when contacting the Motor Ombudsman's Information Line, and the business in question is not accredited, The Motor Ombudsman will refer the individual to Citizens Advice to take the necessary action based on their statutory rights under the Consumer Rights Act 2015.

9. Contact

The Motor Ombudsman
71 Great Peter St
London SW1P 2BN

Information Line: 0345 241 3008

Email: info@tmo-uk.org

Web: www.TheMotorOmbudsman.org

Social media:



[@Motor_Ombudsman](https://twitter.com/Motor_Ombudsman)



www.facebook.com/TheMotorOmbudsman



<https://uk.linkedin.com/company/the-motor-ombudsman>