

National Conciliation Service Annual Activity Report 2017 – 2018

The National Conciliation Service (NCS) are Chartered Trading Standards Institute (CTSI) certified providers of Alternative Dispute Resolution (ADR) for consumers. All as defined under the *Alternative Dispute Resolution for Consumer Disputes (Competent Authorities and Information) Regulations 2015*

Schedule 6 of the regulations require ADR entities to publish annual activity report. The following information is the NCS's third year activity report in accordance with these requirements and cover the period 1st October 2017 to 1st October 2018

The NCS deal with consumer disputes within the retail motor sector concerning contractual obligations in sales and service contracts when one party is a consumer resident in the EU, and the other party is a trader established in the EU, although the vast majority of disputes we deal with are UK based. During the period 1st October 2017 to 1st October 2018, the NCS dealt with 1140 domestic disputes and no cross-border disputes

The disputes dealt with during this period covered a wide range of complaints. However, by far the main areas of consumer complaint related to *Vehicle Repair* at 36% followed closely by the *Sale of Second-Hand Vehicles* 35.4%. Data also showed that complaints relating to the purchase of *New Vehicles* at 5.4%, the *Rejection of a Vehicle* 3.8%, *Vehicle Damage* at 3.4% and complaints relating to the *Rejection of a Vehicle* at 3.8%. The number of complaints discontinued by the consumer after being assigned were less than 1%

Compared to last year's figures cases dealt with increased in total by 32%, with figures showing that there has been a huge increase in complaints relating to the *Sale of Second-Hand Vehicles* up 108% followed by *New Vehicles* up 88%, *Vehicle Servicing* up 65% and *Vehicle Repair* up 21%. Figures show a decline in complaints relating to *Prices Charged* down 41% *Damage to Vehicle* down 35% *Rejection of Vehicle* down 27% and complaints regarding *Vehicle Warranty* down 22%

We believe that the large increase (over double) of 108% in the number of complaints received regarding *Second Hand Vehicles* and an 88% increase in complaints regarding *New Vehicles*, appear to indicate that Consumers are becoming more aware of their right to pursue a dispute once it has reached a deadlock with the trader, without needing to resort to the civil courts. This alongside with the relatively recent changes in consumer legislation brought in by the *Consumer Rights Act 2015*, with particular regard to the *Short-term Right to Reject* (c.15 section 20) has contributed greatly to the perceived right that a consumer has an automatic 30 day right to reject a vehicle if a 'fault' is found

Although the *Consumers Right Act 2015* has in the main been beneficial to consumers and traders in clarifying many areas of consumer law, we believe more clarification and guidance is still needed to both consumers and traders regarding *Vehicle Service or Repair* ; '*right to repeat performance*' and/or '*right to a price reduction*' along with *section 20* of the act '*Right to reject*', specifically in relation to the purchase of *New and Second-hand Motor Vehicles*

The NCS has not refused to deal with any dispute that met with our operational criteria and authorisation, and none have been discontinued due to operational reasons. A total of only 15 cases were referred to more appropriate providers of ADR or the civil courts

We believe the rate of compliance in relation to *non-binding* disputes to be very high although we have no specific data. The rate of compliance on cases that are *binding* we believe to be 100%, and the average time to resolve a dispute is under 40 days of receiving the *complete* file on the case

The NCS continue to cooperate with other ADR entity's including the *Financial Ombudsman Service*, and consumer agencies such as *Citizens Advice* other ADR entities involved in resolving consumer to trader disputes, and are currently considering applying for full membership of the *Ombudsman Association*

We are continually looking at ways of improving the service we give to consumers and traders alike and hold regular meetings and training sessions to ensure our case handlers are fully aware and conversant with consumer to trader rules and regulations. A number of our conciliators have also

undertaken a course of study for a *Professional Certificate in Ombudsman & Complaint Handling Practice* run by Queen Margaret University, Edinburgh, and this next year we are arranging a number of additional training sessions to ensure all case-handlers are fully up to date and fully conversant with *Consumer Legislation*. The NCS is a Corporate Member of the *Chartered Trading Standards Institute* and all case-handlers are members of the *Institute of Consumer Affairs* and all abide by the *European Code of Conduct for Mediators*.

The NCS also attend ADR seminars both in the UK and in Europe where further information or advice including best practice is shared amongst the participating ADR entities

The NCS have made a number of changes to the NCS website to make it easier for consumers to submit their complaints to the NCS, and we are presently in the process of making further changes to the site to include more information for both consumers and traders that will assist both parties when dealing with a dispute via the NCS, or indeed any other provider of ADR including the civil courts. This information will also target specific areas of complaint/s that data shows to have increased significantly over the last 12 months, such complaints about *Second-hand Vehicles, New Vehicles* and *Vehicle Service & Repair*

Further to last year's report when we found that because the ADR process is at a distance (via email, letter telephone etc..) it may be difficult at times to both initially identify the consumer as a 'vulnerable' person, and secondly how to assist a 'vulnerable' consumer effectively with their complaint/s. We have introduced a procedure that should it be considered necessary, and providing the consumer in agreement, we will now endeavour to contact the consumer's local *Citizens Advice bureau* to see if they will be available to assist the consumer during the NCS ADR complaint process

Although it is improving, data continues to show a clear lack of knowledge by many traders regarding their legal obligations to comply with EU & UK ADR legislation. However, it must be acknowledged that this is a problem with all sectors and not just the Retail Motor Industry who appear to have welcomed this new legislation far better than many others. Nonetheless, this is not helped by some 'legal advisory' businesses advising traders to ignore the CTSI certified process of ADR and await civil action by the consumer

To help address these problems within the retail motor sector, the NCS regularly attend Industry Trade Seminars training events etc., and the *Retail Motor Industry (RMI)* on behalf of the NCS, issue regular bulletins and reminders to all their subscribers and the retail motor sector in general, of not only the legal requirement to comply with ADR legislation, but also the benefits that CTSI certified ADR can bring to both parties

Data continues to indicate that as consumers are becoming more aware of ADR and the service we provide here at the NCS, as there has been a significant increase (32% for this period) in complaints we have dealt with. We have identified many reasons for this. They include; more general public awareness of ADR; direct referrals by organisations such as Citizens Advice and Trading Standards; our ability to offer ADR for complaints that are outside the £10,000 civil courts small claims limit; the fact that we now consider complaints over a wider time frame (6 years), and of course the recent changes in both consumer legislation and civil court procedures increased fees have further increased the number of ADR cases we receive

Finally, and unrelated to UK/EU ADR or CTSI compliance regulations. The NCS are also subject to an Annual Audit and regular inspection by an *Independent Compliance Panel (ICP)* that is chaired by ex CTSI Officer Mr Jim Appleton. The next ICP Annual Audit will take place on the 16th of November 2018 when Mr Appleton and the panel will undertake an audit of the NCS's procedures and inspect and review a random number of cases dealt with by the NCS during the last period and Mr Appleton will compile a report

Upon completion of Mr Appleton's report, a summary of his findings will be added to this *NCS Annual Activity Report* and a full copy of Mr Appleton's report and findings will be available from the NCS upon request