

National Conciliation Service Annual Activity Report 2018 – 2019

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 5 of the regulations require ADR entities to publish an annual activity report. The following information is the NCS's fourth year activity report in accordance with these requirements and covers the period 1st October 2018 to 1st October 2019

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 2018 to 1st October 2019, the NCS dealt with 897 domestic disputes and no cross-border disputes

The disputes dealt with during this period covered a wide range of complaints. The main area of consumer complaints during this period related to the *Sale of Second-Hand Vehicles* 41.7% followed by *Vehicle Repair* 22.5%. Data also showed complaints relating to *Vehicle Servicing* 6.9%, *Warranty Issues* 4.7%, and *Rejection of a Vehicle* 4.3%. The number of complaints discontinued by a consumer after being assigned were fewer than 1%

Compared to last year's figures data indicated an increase relating to *Vehicle Servicing* 22%, while complaints regarding *Vehicle Repairs* declined by 51%. *Sale of Second-Hand Vehicles* showed a slight decline of 7% and issues regarding *Vehicle Warranties* doubled whilst complaints relating to MOT's remained the same

Recent changes made to clarify the actual cause of complaint will have influenced the data relating to the decline in complaints regarding *Vehicle Repair* (down 51%) while complaints relating to *Vehicle Servicing* increased by 22%. However, we are pleased to note that comparing these figures to data for 2017 – 2018 indicate that complaints in these categories declined overall by approximately 42%

We believe the main reason for the reduction in these two categories is due not only to the NCS by way of business seminar presentations etc., but more importantly by the work undertaken by the *Retail Motor Industry* in particular (via the IGA, NFDA etc.) and the various trade associations and federation who subscribe to the NCS such as *Robert Bosch Ltd* and *Group Auto Ltd* by way of educating their members of the benefits of ADR, and dealing with complaints more effectively at source. As although our subscriber base has not decreased, complaints in general from these organisations have, which indicates that as subscribers are becoming more aware of the benefits of ADR, they are also improving their own compliant handling process to consumers which has led to a reduction in the number of complaints referred by these businesses to the NCS

Nevertheless, we believe that complaints in general will continue to increase in the long term due to consumers ongoing and increasing awareness of the availability of free or low-cost ADR and their enhanced rights of redress made clearer by recent changes in consumer legislation, most notably the *Consumer Rights Act 2015*,

The NCS has not refused to deal with any dispute that met with our operational criteria and authorisation. Throughout the year a total of 7 (0.78%) cases were referred to more appropriate providers of ADR and only 3 (0.33%) cases were declined on the grounds that they were too complex

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 approximately 30 days from receiving a '*complete*' case file

The NCS continue to cooperate with other ADR entity's including the *Financial Ombudsman Service*, and consumer agencies such as *Citizens Advice* and other ADR entities involved in resolving consumer to trader disputes

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. Some of our conciliators and managers have undertaken a course of study for a *Professional Certificate in Ombudsman & Complaint Handling Practice* run by Queen Margaret University Edinburgh. And during the past year we have arranged regular training sessions for our case handlers including training sessions by a Trading Standards approved specialist who provides training on Consumer law and legislation. This is to help ensure that all case-handlers are up to date and fully conversant with *Consumer Legislation* and ADR best practice. 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 continues to look at ways to improve standards in this sector and attends ADR seminars both in the UK and in Europe where further information or advice including best practice is shared amongst the participating ADR entities. This included attending the EU ADR seminars held not only in the UK but in Madrid and Brussels

The NCS have recently made a number of changes to the NCS website making it much easier for consumers to both access information and submit complaints to the NCS. These changes (which are ongoing) have streamlined our process significantly and has already resulted in a more efficient procedure that has reduced the number of claims that were inappropriate for our services by making sure consumers are more aware of the complaints we can deal with and/or signpost them to a more appropriate channel of redress if not from the onset

Unfortunately over the last year we have found that a number of consumers have either been misdirected to the NCS by advisory organisations, or contacted the NCS after waiting a considerable amount of time for an initial response from an alternative supplier of ADR, only to be informed (often incorrectly) that the NCS are the traders designated supplier of ADR. Obviously, this results in further frustration and often anger for the consumer

Although things are definitely improving as explained previously, data continues to show a 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. Nevertheless, this is still not helped by many '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

As both consumers and businesses become more aware of the option and/or requirement for both parties to consider ADR before resorting to legal action, we feel it inevitable that there will be an increase in complaints in this sector for a number of years to come. This increase may be used to show a decline in standards when we believe the opposite is true

One of the main reasons for this appears to be that prior to ADR legislations and the introduction of CTSI certified ADR, once a dispute with a trader had reached a deadlock a consumer had no other alternative but to pursue the matter via the civil courts, and although many a 'letter before action' may have been sent to a trader, few resulted in court action due to consumers general reluctance to resort to litigation. Now, or as consumers become more aware of the option of free or low-cost ADR, many complaints that previously may not have been registered and would not have been pursued further will increasingly be referred for ADR. Although this is an excellent move for consumers in general, it also makes it easier for complaints of little or no merit to be pursued by some consumers when they would not have done so previously

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-

Trading Standards Officer Mr Jim Appleton. The last ICP Annual Audit took place on the 19th of July 2019 when Mr Appleton and the panel undertook a full audit of the NCS's procedures which included review and inspection of a number of case files that were chosen at random by the panel members

In all cases the ICP panel found that the NCS provided a thorough independent and professional service to both consumers and businesses, and found that cases were dealt with promptly, fairly and efficiently - A copy of Mr Appleton's report and findings is available from the NCS upon request

National Conciliation Service - October 2019

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