
RAC Used Vehicle Code of Practice

Approved Consumer Code

Desktop Audit – 3 October 2022

Background information

The RAC Used Vehicle Code of Practice has 306 members. The code is underpinned by the RAC 82-point pre-sale vehicle check. A minimum three-month warranty and 12 months RAC Breakdown (including home start) and 12 months Accident Care cover is included free with every vehicle sold by a member.

Audit Process

The desktop audit was carried out on behalf of the Chartered Trading Standards Institute by a Chartered Trading Standards Practitioner on 3 October 2022.

The audit focused on the following areas:

1. Member application process, including checks carried out on prospective members
2. Member auditing-content and process, including general compliance with the code, staff training and dealing with consumer complaints
3. Sanctions for non-compliant members
4. Marketing and advertising by member businesses - terms and conditions and pre-contractual information, including cancellation rights, deposits, delivery times and guarantees and warranties
5. Customer service provisions, including support for vulnerable consumers
6. Consumer complaints process, including ADR
7. Customer satisfaction, information/complaints from enforcement agencies, and how this information is used to develop and improve the code

Audit Summary

The audit examined:

- The application process for new members
- The records of audit of existing members
- Complaint procedure including Alternative Dispute Resolution (ADR)
- Process for unauthorised use of the RAC logo/membership

MEMBER APPLICATION PROCESS

RAC has a comprehensive member database with all records kept electronically.

New Members

A total of 32 RAC Approved Dealers have joined the network within the last 12 months.

The member application process has not changed since the last audit. An RAC Sales Agent meets with a new applicant business on site to complete an initial assessment. If the dealer is assessed as being suitable, they complete a full application form. RAC then completes a range of due diligence checks, including a check on Exiger Insight and then uses the company number to complete a Companies House search, which validates if the company is active and that the registered name and address are correct.

RAC use an online e-sign contract to sign-up garages on the RAC Portal. In addition, the RAC take the company registration number and the driving licence details of the dealer principle. A check on dowjones.com is completed for the company name/dealer principle and a Companies House check is completed, which validates the company is active and the registered name and address is correct.

All new applicants must pass a full site audit within two months of being admitted to the scheme.

Two member applications and their websites were reviewed. One of the applications reviewed joined in mid-August 2022, so their first audit will be mid-October 2022. Upon review of their website, it is only minimally displaying the RAC logo. The other new member joined in October 2021 and the website features their RAC membership, including detailing the advantages of the RAC Warranty with prominence.

Good Practice:

New members should be encouraged to ensure that the RAC logo is displayed prominently. The lack of visibility of RAC membership undermines consumer protection afforded by membership of the scheme.

Existing Members Inspections/Audit

The RAC aim to audit all members six times each year. These are on-site inspections carried out by an RAC Engineer to ensure the correct checks are being completed and the correct processes are being adhered to. Feedback is provided by the RAC Engineer where needed. Any concerns are picked up by the RAC Agent.

Over the last 12 months, 88% of Approved Dealers have been audited as planned. As many dealers were closed for long periods in the last few years due to Covid lockdowns, this figure is higher than last year. The RAC are still dealing with the legacy of Covid impacting the inspection service. RAC intend to get this back on track next year.

Five audit reports were examined in their entirety. Evidence was supplied of the audit along with details of how any issues were, or were proposed to be, resolved. Unfortunately, in the case of one of the members where the issues were not resolved, a termination letter was issued (3 October 2022).

Membership Withdrawal and Sanctions for Non-Compliant Member Businesses

In many instances of non-compliance, the initial response from RAC is to attempt to assist the member to improve their business practices. In cases where this is resisted, the issues that have arisen are endemic in the business or are too fundamental to resolve, members face a range of sanctions, including formal warning or expulsion.

In the year since the last audit, 67 members have left. Three exit letters were examined and the websites for the ex-members checked. One was found to be still using the RAC logos. This was raised with RAC and they agreed to write to the garage to request logos be removed. This will be monitored and referred to RAC Legal if necessary.

No members are currently in the RAC disciplinary process.

Marketing and Advertising by Member Businesses

RAC digital branding for approved dealers is available to order via The Engine (an online portal that only approved dealers can access). All other items are ordered by the RAC agent.

Online orders are authorised by the Agents manager, the RAC agent will monitor the use during reviews. The Client Support Team keep a record of any RAC approved

dealers who have left the network and ensure all point-of-sale material has been removed by them.

RAC engineers will ensure the RAC branding is being used correctly as part of their audit checks. Any instances of the incorrect branding are picked up immediately.

If the RAC are made aware of a non-RAC Approved Dealer falsely advertising as RAC approved, immediate action will be taken with the dealer concerned to ensure this branding is removed.

During the auditing of members, inspectors' cross reference the descriptions given of cars in member's advertising/websites with the cars on the forecourt for accuracy.

Terms and Conditions and other Pre-Contractual Information

Terms and conditions and other pre-contractual information is required by the code to be visible to consumers prior to contract. This is checked by RAC auditors as part of the regular onsite audits.

RAC previously had a Primary Authority Partnership with Kent Trading Standards who agreed a set of standard terms and conditions for code members to use. These are provided to the garage directly at the time of audit if they do not have suitable Ts&Cs.

Customer Service Provisions

A high level of customer service is fundamental to the RAC and it places the same high expectation of customer service on its code members. If the RAC receives three or more complaints about any member this triggers a report and investigation, however, one single complaint that highlights issues about the customer care culture within the business can cause removal of the member from the RAC Code.

Consumer Complaints Process

Complaints and ADR are managed by a dedicated Client Support Team at Assurant. They provide the RAC with monthly breakdown of complaint volumes. Assurant also provide the RAC with the number of complaints upheld in the consumer's favour, issuing implementing recommendations to the RAC Approved Dealer where appropriate.

Over the last 12 months, Assurant have assisted 26 consumers. Of these, five disputes were upheld with Assurant either securing a refund or repair work at no cost to the consumer.

Customer Satisfaction and Feedback

RAC measures consumer feedback through its review function. Every consumer who purchases a vehicle from an RAC Approved Dealer is sent an email review invitation to measure customer satisfaction and provide feedback regarding their experience. The approved dealer will have obtained permission from the customer for RAC to make contact regarding a review. 1660 reviews have been posted on the RAC review website in the last 12 months.

RAC use Net Promoter (NPS) to measure customer satisfaction and asks a series of supplementary questions to gain more insight into their experience of the RAC Approved Dealer. Customers also have a free text field where they can leave specific feedback. Any low scores are reviewed directly by Assurant and RAC.

The RAC Used Vehicle NPS score for the last 12 months is 60.2%. The NPS has dropped from 61.8% at the last audit and 73.9% in 2020. This is a worrying decline. The dealer network has been impacted severely by the lockdowns and then the subsequent high demand for used vehicles. This has resulted in a shortage of vehicles and, therefore, a drop in customer satisfaction. The RAC previously confirmed that they will be monitoring, however, no plan of action has been developed.

Recommendation:

The NPS has dropped to 60.2% from 61.8% at the last audit and 73.9% in 2020. This is a worrying decline. Development of a plan of action should be considered.

Customers can also find the approved dealer on the RAC website and leave feedback in relation to the service received.

<https://www.rac.co.uk/buying-a-car/rac-approved-dealers/find-an-approved-dealer>

Potential customers can find a dealer on the RAC website and view reviews that have been left by other customers.

CONCLUSIONS

RAC is fulfilling its obligations as a code sponsor and it goes to some lengths to ensure that its members are compliant with the used vehicle consumer code. The RAC is constantly looking for additional ways to ensure that its members are providing good customer experiences.

The RAC are seeing a steady decline in its NPS scores, a plan of action should be developed to halt this.

The auditing of members is still not reaching agreed levels. This should be reviewed and a plan of action agreed.

The RAC brand is an iconic name within the motoring industry and garages using the name gains instant credibility. The RAC works hard to protect its brand and this is demonstrated in their constant review and improvement in ways to ensure that the customer is treated well and fairly by its members.