
Used Car Site T/A AA Cars Dealer Promise Code of Practice Approved Consumer Code Audit July 2023

Background information

The AA claims to be one of the UK's largest motoring organisations, with over 14 million consumer members. Members recognise that The AA Brand portrays trust and confidence and therefore by associating themselves and being part of the AA Cars Dealer Promise Code, they can instil the same level of confidence in their customers.

The Used Car Site T/A AA Cars Dealer Promise (AA Cars), which has been in effect since July 2016, has been signed by around 1,177 dealers. AA Cars receive a monthly subscription fee from the dealer members who have signed up to the AA Cars Dealer Promise Code and advertise their stock on the AA Cars website.

AA Cars are in effect a used car advertising platform, whilst online sales are still used, it was reported that the majority of customers are still visiting dealers to see cars before purchase.

Audit Process

The audit was carried out at the premises AA Cars on behalf of the Chartered Trading Standards Institute (CTSI) by a Chartered Trading Standards Practitioner on 19 July 2023.

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)

Member Application Process

AA Cars has a comprehensive member database, with all records kept electronically.

New Members

A total of 477 AA Cars Dealer members joined or transitioned to the revised code during 2022.

The application process involves a sales person meeting with a code new applicant business on site to complete an initial assessment.

AA Cars then completes a range of due diligence checks, including credit history checks and requires an image of the dealership to ensure it meets AA standards. AA Cars uses an online e-sign contract to sign-up dealerships. A Companies House check is completed for all Limited businesses, which validates the company is active and the registered name and address is correct.

The number of cars typically stocked must tally with the number declared on the member's contract. AA Cars accounts department will check the figure given on the application against the members website to verify.

All new applicants are subject to a full site audit and a call from the Customer Services Team (where the dealership typically stocks less than 50 cars) or a visit from a Field Account Manager (where the dealership typically stocks more than 50 vehicles) within a month of being admitted to the scheme.

There have been minor enhancements to the code and changes to the branding and point of sale information, and digital downloads. Compliance with premises and website is ongoing.

Existing Members Inspections/Audit

AA Cars stay in regular contact with all members. Either the Customer Services Team (where dealers typically sell less than 50 cars) or Account Managers (where members typically sell more than 50 cars) will carry out a review call or visit each member at least once a year. There are currently six members of the Customer Services Team who carry out review calls and four Account Managers.

Now that the pandemic related lockdowns, business closures and working from home guidance has ceased, AA Cars intend that all members will be visited or subject to a

review call at least once a year depending on members size and referrals, this could be more. All calls/visits are recorded on dealer member's account.

Prior to each review call members of the Customer Services and Field account management teams, refer to the 'Contact Strategy Preparation Sheet.' This is a lengthy document that prompts the team member to conduct a number of checks on each dealer member in preparation for the call. For example, the list prompts checks in relation to AA branding on dealer website, previous notes in relation to any ongoing issues and complaint levels. These matters can then be raised with the dealer member as part of the audit call.

Subsequently, an email is sent summarising the call/visit and reiterating any issues, along with the advice given. If any non-compliances are identified where the dealer member and Customer Services Team/Account Manager cannot agree a resolution, this will be escalated, investigated and if no plan for improvement can be agreed upon, the dealer member is removed from Code membership.

A record is kept of all review calls and onsite visits. A spreadsheet was provided at the audit detailing all contacts made. During 2022, a total of 559 contacts were made.

Membership Withdrawal and Sanctions for Non-Compliant Member Businesses

The process is outlined above in relation to any issues established during review calls/visits or as a result of consumer complaints. In many instances of non-compliance, the initial response from AA Cars 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. AA Cars seek to educate and inform members about consumers rights to resolve issues rather than action sanctions.

During 2022, 1,036 disputes were recorded, these were resolved with a rate of 98% meaning 2% of dealers would not 'do the right thing'.

15 dealers had their membership terminated.

Zero members are currently in the AA Cars Termination Process.

Marketing and Advertising by Member Businesses

New revised branding is now in place.

AA Cars provide a Point-of-Sale pack to all dealer members upon joining. This includes a seven-foot-high pull up banner, a glass plaque to be wall mounted, flags, leaflet stands and leaflets, including AA Breakdown Leaflet and Dealer Promise Leaflet.

AA Cars Hub gives access to digital banners that can be downloaded and used by dealer members on their websites. All new members receive a call one month after

their membership commences to check if all branding material has been received and to provide advice and encouragement, if appropriate, for its use.

The CTSI approved code logo has been added to all relevant material.

Terms and Conditions and other Pre-Contractual Information

Terms and conditions (Ts&Cs) and other pre-Contractual information is required by the Code to be visible to a consumer prior to contract.

AA Cars provides guidance to dealers for creating a set of standard terms and conditions. Links to this guidance are available on the AA Cars Hub, which are provided to the member at the time of joining if they do not have suitable Ts&Cs.

Customer Service Provisions

A high level of customer service is fundamental to The AA and it places the same high expectation of customer service on its Code members. This is explained to potential members prior to joining the Code.

There are regular communications with members via email, generally once per quarter. However, if there is important information or updates to be communicated, additional emails will be sent out. AA Cars have an excellent read-rate of their dealer member emails and at times it has reached 80%. This communication channel was used during the coronavirus lockdown periods when the sales of cars online increased dramatically, and an email was sent to remind dealers of their obligations in relation to distance contracts under the Consumer Contracts (Information, Cancellation, and Additional Charges) Regulations 2013. Also, as a reaction to this change in consumer behaviour, the Support and Advice section on the AA Cars website was changed to provide assistance for consumers in this area, however, as previously reported consumers are still choosing to visit dealers' sites in person most of the time.

Consumer Complaints Process

The Code requires that member dealers have an easily accessible complaints process and that all complaints are responded to within a maximum of 14 working days.

Any complaint received by AA Cars is handled by their Mediation Team. The consumer completes an online form, which establishes whether the dealer member has been given an opportunity to resolve this issue, as obliged under the Consumer Rights Act 2015.

AA Cars Approved ADR service received 1,036 disputes during 2022. The cases were resolved within an average of 22 days. The types of complaint to which these disputes relate to are cosmetic issues, deposit disputes, vehicle fault, lack of documents, poor customer service and wear and tear. There was a 98% satisfaction rate with disputes being resolved by the ADR team. 15 memberships were terminated due to non-compliance.

AA Cars assess the complaints received to establish if training is required for dealer members in relation to complaint handling and their obligations to consumers. Any such training is provided by the Mediation Team, Customer Services Team or Account Managers and is recorded in the member's files.

If the AA receives any complaints about a member, this triggers an intervention. However, one single complaint that highlights issues about the customer care culture within the business can cause removal of the member from the AA Cars Code.

Customer Satisfaction and Feedback

AA Cars use the following key performance indicators to measure the code's effectiveness and to ensure that members remain compliant: -

- volume of complaints received
- types of complaints received
- amount of consumer rights training provided
- vehicle quality review

AA Cars actively encourage customers to provide reviews on Trustpilot. The current level of reports was 501 with an average score of 4.4 out of 5.

AA Cars place a lot of emphasis on the number of complaints received and how they are handled by the dealer.

AA Cars are continuing to look at differing ways to gather more customer feedback about operation of the code and dealer compliance including operating an NPS (Net Promoter Score) system.

Conclusions

The AA brand is a strong brand within the motoring industry. Dealers using the name gain instant credibility and consumer trust. The AA strives to protect its brand and works hard to ensure that its members comply with the Code and treat consumers fairly. The AA is constantly looking for additional ways to ensure that its members are providing good customer experiences evidenced by an enhanced code and rebranding.