

## Motor Codes Limited New Car Code Audit

March 2016

### Background information

The Motor Industry Code of Practice has been in place since 1976, and it was later endorsed by the Office of Fair Trading (OFT).

The OFT brought in the new Consumer Codes Approval Scheme under the Enterprise Act 2002. The New Car Code was approved by the OFT in 2004.

Over 38 main car brands have signed up to the New Car Code, which represents over 99% of new car registrations in the UK.

Motor codes has applied to the Ombudsman Association for approval to trade as an Ombudsman. Initial approval has been granted and final approval is expected shortly. The plan is then to migrate all codes across to the ombudsman business with current subscribers subscribing to the ombudsman business. The physical garage inspection monitoring will be gradually replaced by an on line self assessment.

### Audit Process

A qualified Chartered Trading Standards Practitioner from the Chartered Trading Standards Institute(CTSI) completed a desktop audit.

The audit focused on the following areas:

Advice to members including general compliance and staff training.

Marketing and advertising by member businesses- Terms and conditions and contracts including cancellation rights, deposits delivery times, guarantees and warranties.  
Customer service provisions.

Consumer complaints process including ADR

Customer satisfaction and how this information is used to develop and improve the code.  
Sanctions against members for non-compliance with the code.

There are various sanctions for non compliance ranging from the penalty points system for failures on timescales in responding to complaints, to the % scoring system of the self assessment questionnaires. Sanctions range from re-training and coaching to warning letters, suspension and expulsion. There are currently no subscribers in the disciplinary process

## **Audit Summary**

### Existing Member Inspection/Audit

Prior to 2014 all subscribers to the code were visited annually for a compliance check. In 2015 resource was focused on a risk assessed basis on providing coaching and training for the manufacturers that needed it most.

95% of New Car Code subscribers have been members since 2004 and as such have Motor Codes process requirements embedded into their systems and procedures.

5 recently completed audit sheets were examined, a scoring system is used that requires all subscribers to comply with all core criteria.

The Independent Compliance Assessment panel carries out annual reports the full year report for 2014 dated February 2015 was examined. The report for 2015 was expected to be published in April 2016.

## **Membership Withdrawal and Sanctions for Non Compliant Member Businesses**

There is a very high level of compliance on the “Compliance Checklist” completed annually by subscribers.

Any subscriber scoring below 80% of the compliance criteria or who has not signed and returned the annual compliance letter within 30 days will be automatically suspended.

Motor Codes will provide recommendations on how to rectify non compliance issues on the “compliance checklist” within a set timeframe in order to reinstate subscription. Failure to rectify non compliance may result in further action included referral to CTSI and ICAP including expulsion from the scheme.

There is also a penalty point system based on a failure to comply with response times in relation to the management of a complaint. The accumulation of penalty points over a 12 month period can result in a written warning up to suspension/expulsion and referral to the Independent Compliance Assessment Panel(ICAP). In addition to penalty points, Motor Codes may also chose to suspend a subscriber at its discretion where there is a severe compliance breach or the subscriber indicates an unwillingness to cooperate.

## **Marketing and Advertising by Member Businesses**

Three members websites were checked and were compliant and listed on the CTSI directory.

Part of the “compliance checklist” included checks on letterheads and websites. New applicants to the New Car Code are subject to an independent audit by a member of the Motor Codes subscriber team who will check contract documentation as part of the process.

## **Customer Service Provisions**

Contact can be made by post, email or a 0843 number, call back was tested and made within 30 minutes. There are dedicated trained teams who are all experienced in complaint handling and they keep the complaints process moving to specified time scales.

## **Consumer Complaints Process**

The complaints process operated by Motor Codes has in effect been an ADR process complying with the free or nominal provisions of the ADR regulations. Motor Codes is now an authorised ADR provider by CTSI and now provides free “in house” ADR. The ADR is operated by an independent “in house” consumer team in compliance with the ADR regulation requirements for independence of the ADR provider.

## **Customer Satisfaction and Feedback**

Every New Car Code “brief guide” that is given to purchasers of new cars has a customer satisfaction survey at the back of the code. These are recorded on a searchable database. There are detailed and targeted reports which are sent to individual manufacturers. There was reported 39% increase on survey returns year on year. Any issues that are highlighted are used to modify and strengthen the code where appropriate.

## **Conclusions**

Motor Codes Ltd is fulfilling its obligations as a code sponsor and its member base is compliant with the CCAS core criteria and the Motor Code Ltd Code of Practice for New Cars.

Motor Codes Ltd is now an approved ADR provider and bringing this “in house” has further strengthened their consumer protection and redress provisions.