

Motor Codes Limited Servicing & Repair Consumer Code Audit November 2013

Background information

The Motor Codes Limited Service and Repair Consumer Code was launched in 2008. The Society of Motor Manufacturers and Traders had been asked by the Government to lead on a motor industry and Government group looking into how the motor servicing and repair sector could be improved. The Servicing and Repair Consumer Code was drawn up after extensive consultation, and gained Office of Fair Trading Approval in 2011.

Motor Codes now has 7700 subscribers to the Service and Repair Code, of which 2000 are independent garages. There is a 93% retention rate, with over 140,000 individual customer feedbacks to date.

Audit Process

Two qualified trading standards professionals from the Trading Standards Institute (TSI) completed an onsite audit split over two days. The audit focused on the following areas:

1. Subscriber application process including checks carried out on prospective businesses
2. Subscriber auditing-content and process (including general compliance with the code, staff training and dealing with consumer complaints)
3. Sanctions for non complaint subscriber businesses
4. Marketing and advertising by subscriber 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

Motor Codes Service and Repair Code is one of the larger approved codes of practice with approximately 7,700 subscribers. The audit found some excellent examples of best practice including a comprehensive online directory and customer feedback system which is very clear and easy for consumers to use. In addition, it was noted that the customer complaint form was concise and easy to use and that there is a penalty points system in place for subscribers that fail to respond to or engage with the complaints process.

One minor recommendation was made in connection with establishing the identity of new applicants.

Subscriber Application Process

Motor Codes has a comprehensive member database, with all records kept electronically.

The audit examined:

- The procedure for appointing new subscribers
- The records of audit of existing subscribers
- The process for completing inspections of subscribers
- The process of subscription withdrawal

Summary

The subscriber database is comprehensive, data was easily retrievable and no issues were found with missing records.

New Subscribers

The subscriber application process was examined. The process is mainly completed online, but paper applications are accepted. Applicants have to complete a self assessment and sign a declaration to abide by the code of practice and the standard terms and conditions of subscription. If an applicant says 'no' to certain trigger questions, they cannot proceed with their application without additional checks being completed. If accepted, the applicant has to also pay for their initial onsite audit which is completed by the RAC on Motor Codes behalf. The majority of initial audits are completed within 3 – 4 months of the application being processed.

It was noted that from January 2014 the payment process for initial audits will be changed, so that subscription for new and existing subscribers will be suspended if they do not pay for the audits within the timeframe set; while suspended their details will be removed from the Motor Codes website.

Once the RAC has audited a new subscriber, the company is scored and this translates into a risk rating score. The score plus the report itself is displayed on the Motor Codes website. This system is being simplified with a 'pass' or 'fail' being introduced alongside confirmation that the garage has been 'RAC checked'. Consumers will be able to see why a garage has failed the audit. They will have an opportunity to be re-audited within three months. If the fail is severe, the garage will face suspension and ultimately expulsion.

Several new subscribers were checked on the member database and no issues were found. All the audit schedules, reports and results of audits were retrievable.

Recommendation:

Photographic confirmation such as passport or photo driving license is checked at initial audit for independent garages to confirm identity of applicant.

Existing Subscriber Inspections/Audit

The process for auditing existing subscribers is the same as for new applicants. Subscribers pay when their audits are due, and RAC audit the garages on Motor Codes behalf. The scores and the audit reports are uploaded onto the Motor Codes website. Subscribers are audited every two years. Their rating score are used to risk rate them for their next audit.

A number of subscriber records were examined. The audit schedules were adhered to and any overdue had received letters chasing them for payment. The reports and risk scoring were all recorded and displayed on the Motor Codes website.

The move to the new system of suspending subscribers who do not pay for their audits will help reduce the administrative burden on Motor Codes of chasing payments.

Subscription Withdrawal and Sanctions for Non Compliant Subscriber Businesses

Non complaint subscribers face a range of sanctions including suspension of membership, closer scrutiny or expulsion.

Motor Codes maintains a 'closer scrutiny' spreadsheet for those subscribers who are considered a higher risk for a variety of reasons. Motor Codes monitors these subscribers to ensure they stay compliant and are following the requirements of the code.

The Independent Compliance Assessment Panel is independent from Motor Codes and monitors the operation of the code and subscriber compliance. Any serious or persistent breaches of the code are reviewed by the Panel. The outcomes are published annually. Only one or two subscribers are reported to the Panel each year, a few written warnings have been issued and only 14 subscribers have ever been expelled from the code.

As part of the process review, in January 2014, the existing penalty points system will be replaced by suspension for non compliance with the code.

The subscriber database was examined, and all subscribers who had cancelled their membership had been removed from the website and their records amended accordingly.

No issues were raised with the sanctions procedures.

Marketing and Advertising by Subscriber Businesses

Motor Codes issue branding guidelines to all their subscribers and all new subscribers receive a pack of marketing and branding materials when they join the code.

There were no issues of concern with marketing and advertising.

Terms and Conditions and other Pre-contractual Information

Motor Codes does not issue standard terms and conditions, however subscribers do have to ensure their terms and conditions are clear, use plain English and comply with consumer legislation. Subscribers can purchase a 'commitment' poster, which they can display in their customer waiting area. This sets out the key elements of the code and makes clear reference to the additional rights consumers can expect from subscribers to the code.

Customer Service Provisions

Motor Codes operates a comprehensive customer service process with facilities to leave positive and negative feedback and a review loop to ensure that feedback is used to improve processes. There are no premium rate contact numbers in use and the process for raising complaints is straightforward for consumers.

Consumer Complaints Process

The complaints process for the Service and Repair Code was examined.

Motor Codes has recently commenced a pilot with Citizens Advice to directly receive complaints regarding Motor Codes subscribers. It is early days in this pilot, but Motor Codes has started to receive contacts through this process.

Motor Codes currently receives around 900 to 1000 contacts per month, about 60 – 70% are telephone calls, the remainder are e-mail contacts. These contacts result in around 200 cases being generated each month, the majority of which are dealt with through the in-house conciliation process or the fast track resolution process. A small number are referred for external independent arbitration.

The customer complaint workflow was examined and found this to be comprehensive and clear. It was noted that there was a penalty points system that Motor Codes operates for subscribers that fail to respond or provide an adequate response within set time limits. Put simply, a response taking longer than 10 days results in 6 penalty points, which escalates upwards the longer the delayed response. The accumulation of penalty points within any 12 month period can result in written warnings (30 penalty points) through to suspension or expulsion via referral to the Independent Compliance Assessment Panel (80 penalty points). This provides an effective means of imposing sanctions for non-cooperation with the scheme, although will be changed to suspensions for non compliance in the new year

There were sufficient resources to handle the volume of complaints received. There was no backlog and all of the complaint records reviewed were, within reason, and up-to-date. Motor Codes keeps their capacity and utilisation under constant review. It was noted that their staff utilisation had steadily risen from around 70% to around 95%, indicating strong productivity, but a risk of reaching a point where additional staff may be required. Systems were in place to flag additional staff requirements, when necessary, to the management team.

Several complaints were examined. They were properly recorded, up to date and progressed in a satisfactory manner.

Several old case files were also examined. These had been showing as open on the system for some time, but all less than one year. One complaint did however simply require an admin action to close. It was clear from the case review that the delays in progression were largely caused by awaiting information from the complaint, which can be necessary in such complex products and disputes.

There did not appear to be any undue delay in the processing of any of the complaints reviewed.

Best Practice:

The complaint form used by Motor Codes is an excellent example of simplicity, capturing the necessary information without being too much of a burden. The form is just one page long.

The alternative dispute resolution process was examined and found to be satisfactory. One case was examined through the ADR process. In this particular case, the ADR had been concluded in favour of the complainant. It was noted that Motor Codes had verified that the ADR remedy had been implemented by the subscriber.

Best practice:

The ADR judgements are shared with the consumer advisors to read, so that they can learn about how to improve complaint handling and the conciliation/fast track resolutions.

Customer Satisfaction and Feedback

It was noted that Motor Codes have their own comprehensive online review system through www.motorcodess.co.uk. This system provides the opportunity for consumers to rate and review the performance of garages. The system is capable of linking to the TSI Approved Trader scheme system, but this had not yet been activated (work in progress). A number of reviews were examined and verified.

Conclusions

Motor Codes are fulfilling their obligations as a code sponsor and their subscriber base is compliant with the CCAS core criteria and the Motor Codes Service and Repair Consumer Code.