

Vehicle Builders and Repairers Association-Audit September 2014

Background information

The Vehicle Builders and Repairers Association (VBRA) started in 1913, when the trade association represented vehicle builders. As road vehicles became more popular, the association extended its membership to vehicle repairers, whom now make up the majority of the approximately 500 members.

Consumers who receive services covered by the VBRA code have a somewhat complex and unique relationship with the traders as much of the work covered involves accident repairs paid for by insurance cover. Consequently the insurance companies often have the largest say in choosing a repair company and indeed, the actual legal contract for work is likely to be between the insurance company and the trader.

VBRA members have around 10% of the specialist vehicle repair businesses. The VBRA have branched out into the area of service and repair, and have a few members who now do these services under the code. VBRA members deal with between 300,000 – 600,000 jobs per year.

Audit Process

Two qualified trading standards professionals from the Trading Standards Institute (TSI) completed an onsite audit on 16th September 2014. The audit focused on the following areas:

1. Member application process including checks carried out on prospective businesses
2. Member auditing-content and process (including general compliance with the code, staff training and dealing with consumer complaints)
3. Sanctions for non-complaint member businesses
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-how this information is used to develop and improve the code?

Membership Application Process

VBRA operate a computerised membership database, from which staff were able to produce appropriate, accurate and up to date member information and records upon

request with ease. Most new members apply through the membership request form on the VBRA website. In response to this they are sent a member information pack. The pack is followed up by contact from one of the area managers who will undertake an initial telephone appraisal of the trader's suitability before advising whether a trader should make a full application. If a full application is submitted, the area managers undertake a full audit, covering health and safety, competency and technical matters, compliance with the VBRA/ TSI Code of Practice.

Area manager reports are processed at head office and traders meeting the required standard are sent a letter and starter pack, including an external VBRA sign. Insurance cover is checked as part of the audit, but no checks are undertaken on trader's financial status, e.g. Companies House, or for county court judgements. Area managers also check for quality systems, staff training / qualifications, operating standards, H& S and compliance with COSHH. The TSI audit focuses on compliance with the consumer protection elements of the approved code. Once membership has been approved, traders have access to information provided in members only area. Some technical and some relating to the consumer code.

30 new members have joined in 2014, with those leaving usually due to retirement or closure.

During the audit the records for four new members were examined. All paperwork was found to be present and complete, including audit documentation and outstanding actions had been completed.

Once traders have passed their initial inspection and are admitted to the code, they are entered onto the computerised database that automatically triggers the next audit date; - usually in a couple of years' time.

Existing Member Inspections/Audit

The VBRA aims to audit 1/3 of its members each year. Inspection reports are run in January and supplied to the area managers. Area managers undertake the audits and send completed forms back to head office. Members are also sent a completed report and covering letter. If non-conformities are found, they are often rectified at the time. More major non-conformities are uncommon and are followed up by area managers.

A report on outstanding audits was requested and it was noted that the backlog of audits recorded at the last TSI audit had been significantly reduced. The computerised report showed that most audits were up to date and that selected examples of overdue inspections had already been noted by staff and added to area manager's inspection programmes, evidencing the prioritisation of these inspections.

Observation:

It was noted that mobile (SMART) traders were difficult to catch with an unannounced audit, and that several were amongst the overdue inspections. Similarly it was noticed that several audits in Northern Ireland, usually bundled together to save travel expenses were overdue. It is suggested that attention is given to ensure that these audits do not become significantly overdue.

Several member audit records were checked from 2014. All were found to be completed in accordance with VBRA processes, with audit paperwork properly completed, database updated and new audit dates generated.

Action Update:

2013 Audit; - VBRA were asked to review the member inspection programme process to ensure any outstanding inspections at the end of the year are carried over to the following year's inspection programme. Any outstanding inspections more than two years overdue were to be completed as a priority.

2014 Audit; - VBRA should endeavor to ensure that all previously overdue member inspections are completed by end of 2014, or that appropriate reassurance is obtained that they are continuing to operate within acceptable standards.

Membership Withdrawal

Traders are asked to record their withdrawal in writing, though not all comply. The main reasons for withdrawal are retirement or closure. Following notification office staff update the database and amend the TSI Directory.

For traders who continue to use the logos inappropriately, VBRA send out a standard letter and consider contacting local trading standards if the situation continues.

The withdrawal process was checked for members who had left the VBRA scheme. A first trader had closed down, and the files were all correct. Their website and the TSI Directory were checked and found to be up to date.

A second trader had left to join other organisation. A check of the trader's website found that they were still displaying the VBRA logo and OFT logo on their website. A third trader had ceased trading but was still displaying the VBRA logo.

Recommendation:

VBRA could develop their termination of membership process further to include follow up checks such as looking at ex member websites to check that the VBRA logo [and TSI or previous OFT logo] have been removed, once a member has left the scheme.

It is noted that following discussions around this area VBRA have augmented their processes to add in a 3 month web-site check on the use of logos by ex-members.

Sanctions for Non-Compliant Member Businesses

No businesses had been expelled from the VBRA scheme in the last year. The process in place for raising formal disciplinary procedures against members was explored, and it complies with the requirements of the consumer code approval scheme. I was noted that the appeal's panel is down to two members, and whilst it has not yet met, VBRA will be appointing a new third member soon.

Marketing and advertising by member businesses

VBRA members are aware of TSI branding and have been sent branding guidelines in the past. Area managers mention the TSI branding guidelines to new members, and new members can request TSI logo from VBRA admin. It was unclear whether new members were sent branding guidelines covering the use of the TSI logo.

Members are sent newsletters promoting code approvals, but displaying the VBRA logo and TSI logo is not obligatory. Members are sent a pack with VBRA signage when they join and small stickers to put on glass doors.

Observation

Uptake of TSI logo is not high with members, and some do not display the VBRA logo either. This is possibly due to the nature of the sector, where the client is the insurance companies rather than the end consumer, (as the insurance companies direct

consumers where to take their vehicle for repair in most instances).

Terms and Conditions and other Pre-Contractual Information

VBRA provide standard terms and conditions for members to use, but it is not obligatory. The terms and conditions are produced in-house; they are not reviewed periodically. The terms and conditions were clear, reasonable and complied with the requirements of the core criteria.

Observation

The new Consumer Rights Bill will affect consumer's rights, and terms and conditions that may be applied to consumer transactions. It would be beneficial for VBRA to review their standard terms and conditions once the Consumer Rights Bill becomes law.

Customer service provisions

VBRA look for high quality, 'ethical' traders and consequently 2/3 of traders who apply to join VBRA are turned down. Members are expected to go the extra mile to provide good customer service. For example one member has a vulnerable customer who is wheelchair bound, and always ensures he has a suitable vehicle to loan them, while their vehicle is being worked on.

The area managers provide ongoing advice and support to members to ensure they are delivering the level of customer service required. Any customer service issues are usually raised during the customer feedback or complaints process. These are either raised by the garage, who ask their area manager for advice, or the area manager raises the issues with the garage as a result of negative feedback or a complaint. Evidence was provided of advice given to help members improve their levels of customer service.

VBRA had previously offered to provide specific training for members on customer service, but there was a low take up by members.

Members do not use premium telephone numbers. The high level of customer satisfaction and very positive comments recorded on the selection of feedback cards examined supports the view that VBRA members do provide a valued and high quality service.

Consumer Complaints Process

VBRA complaints procedure is set out within their code of practice. VBRA members have the freedom to resolve complaints informally themselves, as they see fit. If the complaint is escalated to VBRA it is dealt with in a more formal manner, via conciliation.

Most complaints are initially received by phone or e-mail and consumers are asked to put their enquiry in writing. Upon initial notification, area managers will contact traders to seek more details on the issue. Having received both sides of the story, area managers will seek to resolve issues through mediation. If an independent report is required VBRA will arrange and pay for this, on the understanding the report's findings are binding. Any complaints not resolved by area manager mediation are sent to arbitration. There have been no referrals to arbitration this year, to date.

The three area managers provide support and guidance to their members on how best to deal with any complaints. One of the area managers is also the in-house complaints manager who deals with all complaints made to VBRA.

VBRA Have streamlined the complaints process and cut out some of the paperwork, to ensure paperwork between trader and consumer is exchanged very quickly.

VBRA only receive 12-20 conciliation complaints a year. All have unique reference and kept on list. Nine complaints have been received so far in 2014

Members also have access to a free legal helpline for advice about all aspects of their business, including consumer complaints.

Complaints are referred to VBRA for conciliation by:

1. 1/3 of complaints are escalated to VBRA via members, who contact their area manager for advice. Consumers are sent a conciliation questionnaire, even if they haven't complained to VBRA themselves.
2. 2/3 of complaints contact VBRA themselves to request conciliation to resolve a dispute. Consumers email or telephone VBRA. They obtain VBRA's details either via their website or via the member business, who gives them VBRA's details.

The majority of VBRA's member's work is via insurance companies for crash repairs. It is often the insurance company that is the client not the end consumer. VBRA's member's will put issues right for the customer at their own expense, if the insurance company will not pay for the issue to be rectified to the standard required by the end consumer.

The area manager who is also the complaints manager is a very experienced engineer, so can take a stance and advise members on how best to resolve any complaints or disputes. Evidence was provided of instances where the member business had requested advice on how to deal with a complaint, and the complaints manager had intervened, and the issue was resolved to the consumer's satisfaction quickly.

Comprehensive records were kept of the numbers and types of complaints per member, so that any trends could be identified. If one of the area managers suspected there may be an issue, they raise the issues informally with the member business, to try to establish the route cause, such a lack of quality control or supervision in the workplace.

The process in place for ADR was examined during the audit; however, no complaints had progressed to ADR in the previous two years, so no real examples could be inspected.

VBRA have had no enquiries from Trading Standards professionals asking for confirmation that a particular garage is a member of VBRA.

Complaint records were checked for several cases. Each had full records of incidents, issues and resolutions.

Best practice

VBRA's conciliation process is excellent. VBRA have demonstrated that they will provide additional support to consumers and will even approach them to ask if they want to make a complaint, if they feel that a member has not provided the level of service and workmanship required by their code. VBRA also seek out and pay for independent experts to examine vehicles in order to resolve disputes. The very low number of disputes that reach arbitration (none in the last two years) is a reflection of the quality of the in-house conciliation service.

Customer Satisfaction and Feedback

VBRA use a customer feedback card system, which 10% of their members use. The remaining 90% use their own or main dealer/ insurance company standard feedback systems. However, many of the insurance companies have their own customer feedback systems and won't share the data with VBRA, as it is commercially sensitive.

The VBRA feedback cards were examined. They have recently been amended and include questions relating to age and gender to see if this has any bearing on the profile of customer satisfaction. There is a space where consumers can raise issues or make a complaint.

Members are instructed to hand out feedback cards to every customer, and the card is completed with the job reference, customers name, company stamp and VBRA membership number. VBRA supplies the cards to the garages, so they can monitor the number reordered, which gives an indication of the number handed out by the garage. The cards are pre-paid and are returned to VBRA.

The feedback spreadsheet and individual completed customer feedback cards were examined. It records all returns and whether they contain positive or negative responses to each of the questions. General levels of customer satisfaction were high, with some very positive comments in the free text box. Any negative responses are classed as a 'fail' and are followed up by the area managers with the individual member.

VBRA staff look out for unusual trends, for example similar handwriting, or a pattern in the comments, to try to detect and falsifying of feedback. All the feedback cards are then sent back to the garages. Any complaints are sent to the garage with a covering letter, and the area managers pick these up on their next contact with the garage.

Customer returns on satisfaction cards are about 200+ a month. Less than 2.5% of cards have any dissatisfaction of some sort. A selection of the cards were examined and there were many very positive comments

If any cards have a specific complaint on them, the relevant area manager contacts the member and discusses the issue, to see if the member is aware of the complaint, and if it has been properly resolved. If the member is unaware, they are instructed to contact the consumer to resolve their complaint. If it is not resolved, it is escalated to conciliation at the consumer's request.

VBRA try to incentivise members by offering a 25% reduction on subscription fees and an award for the highest ranked member in the returned customer satisfaction survey per quarter. The winner each quarter receives a framed certificate and publicity in the VBRA newsletter.

The area managers follow up with any members that appear to have very low returns figures. Often the reason is that the member will have recently switched to another monitoring system, but this information has not been relayed to VBRA.

Of the 90% of VBRA members who use a different customer feedback scheme $\frac{3}{4}$ use insurance company or car manufacture schemes. Although positive feedback does not get fed back to VBRA, any negative feedback does, as the members let their area managers know, or the negative feedback triggers a complaint. The area managers pick negative feedback when they visit the members.

$\frac{1}{4}$ of the 90% who do not use the VBRA scheme use their own schemes. Members report back to VBRA on a quarterly basis, and evidence of this was provided.

There is very little repeat business, due to nature of the trade; - consumers don't want to go to crash repairs unless they have to.

Observation

The monitoring regime is adequate, but it would be preferable if more members used the VBRA scheme, of which they have more control. This is unlikely, however, as many VBRA members are tied to commercial agreements with work providers, and so are bound to use their customer feedback systems.

Conclusions

VBRA are fulfilling their obligations as a code sponsor and ensure their members comply with the CCAS core criteria and their own code.

The VBRA continue to be an established and well organised code sponsor, in a unique area where the consumer / trader relationship is complicated by the influence of the insurance companies. VBRA are maintaining high entrance standards for traders to join and consequently members are at the quality end of the market and complaints numbers are low.

VBRA have made a conscious effort to complete the overdue audits identified at the last TSI inspection. If the mobile and Irish traders were tackled, VBRA would be largely up to date with its member audits.

Whilst withdrawing members are properly advised to stop using logos, follow up checks would be useful to help ensure that this advice has been followed.

Conversely, it might be useful to review new member procedures to ensure that they are offered branding guidance on both VBRA and TSI logos.

VBRA terms and conditions, whilst not obligatory for members, continue to comply with the requirements of the core CCAS criteria. Changes may be necessary when the Consumer rights Bill becomes law.

VBRA's in-house conciliation process is excellent and continues to provide an example of best practice.

As BVRA's own customer monitoring system provides useful data on customer interactions, it would be useful to maintain this as much as possible. TSI, however, recognises that this is not always possible where insurance companies insist on using their own systems and do not share data.