

**Consumer
Protection**

Consumer Protection Quarterly Report

October – December 2019/20



MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

New Zealand Government

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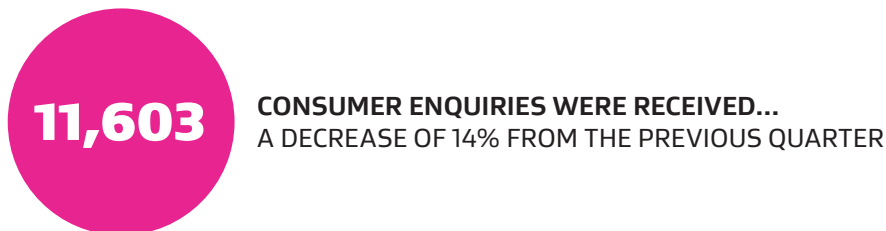
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Executive summary

This is Consumer Protection's quarter two (Q2) report covering data from 1 October – 31 December 2019. The report presents information on the issues that consumers contacted the MBIE service centre about, and any change from the previous quarter. Consumer enquiries reported to the Citizen's Advice Bureau (CAB) are also presented.

Key insights from this quarter

Enquiry volumes



Top enquiry sectors/areas



MOTOR VEHICLES (SALES AND REPAIRS)



ELECTRONIC GOODS



PERSONAL PRODUCTS



BANKING, BUDGETING, CREDIT OR FINANCE



CONSTRUCTION OR TRADE SERVICES



NON-ELECTRICAL HOUSEHOLD GOODS

Notable changes

- ▶ Total enquiries to the MBIE service centre decreased again this quarter
- ▶ Despite an overall decrease in MBIE service centre enquiries, increases were observed in the areas of 'Motor vehicle repairs' and 'Health products'
- ▶ 'Motor vehicle sales' and 'Electronic goods' experienced the largest decline in enquiry numbers to the MBIE service centre this quarter.

The issues

- ▶ Enquiries most frequently relate to potential breaches of the Consumer Guarantees Act (CGA)
- ▶ Faulty, damaged, doesn't work as expected is the most common issue, noted in 45% of enquiries received by the MBIE service centre (although this has decreased from 54% last quarter)
- ▶ Potential FTA breaches were most likely to be noted in enquiries related to 'Real estate and property management' and 'Banking, credit or finance'
- ▶ 'Poor quality or poor workmanship' was most likely to be noted in enquiries related to 'Construction or trade services' and 'Motor vehicle repairs'.

Purchase method

- ▶ The majority of enquiries to the MBIE service centre (74%) relate to purchases made through direct sales (either in person or over the phone)
- ▶ Online purchases made up 17% of enquiries, similar to the previous quarter (18%)
- ▶ Online was more frequently noted as a purchase method for 'accommodation or travel services' issues
- ▶ Enquiries relating to purchases made online have a broad spread of issues.



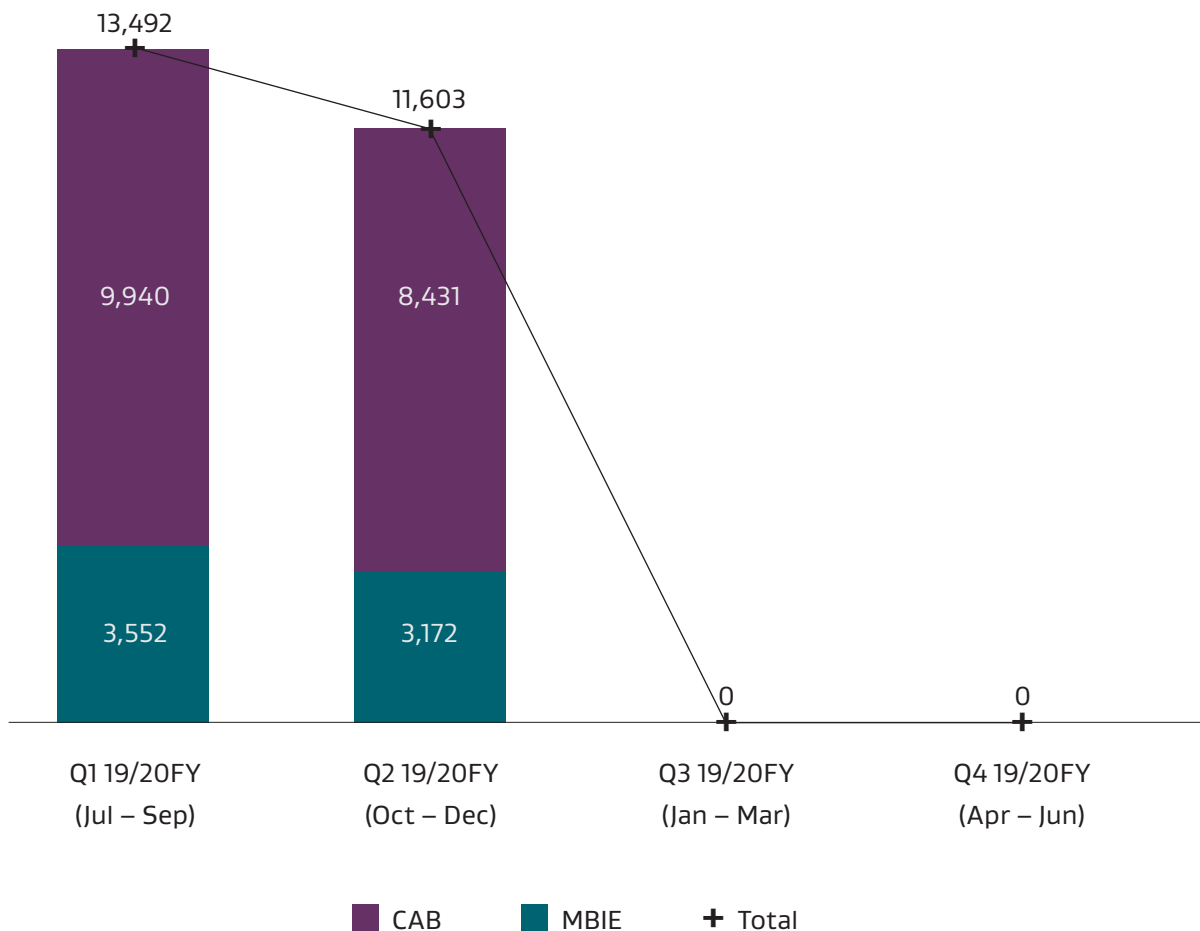
Total enquiries

Between 1 October and 31 December **11,603** consumer enquiries were received by the MBIE service centre and CAB. The number of enquiries decreased by 14% compared to the previous quarter but was expected due to the holiday period.

Breakdown by receiving organisation

Figure 1 shows the number of enquiries received by each organisation so far this financial year. In quarter 2, 11,603 enquiries were received, this is lower than the previous quarter but expected due to the holiday period. The same period last year saw a decrease of 11% in the total number of enquiries. CAB received 73% of quarter 2 enquiries.

Figure 1: Total consumer enquiries received by MBIE service centre and CAB, Q1 to Q4 2019/20FY



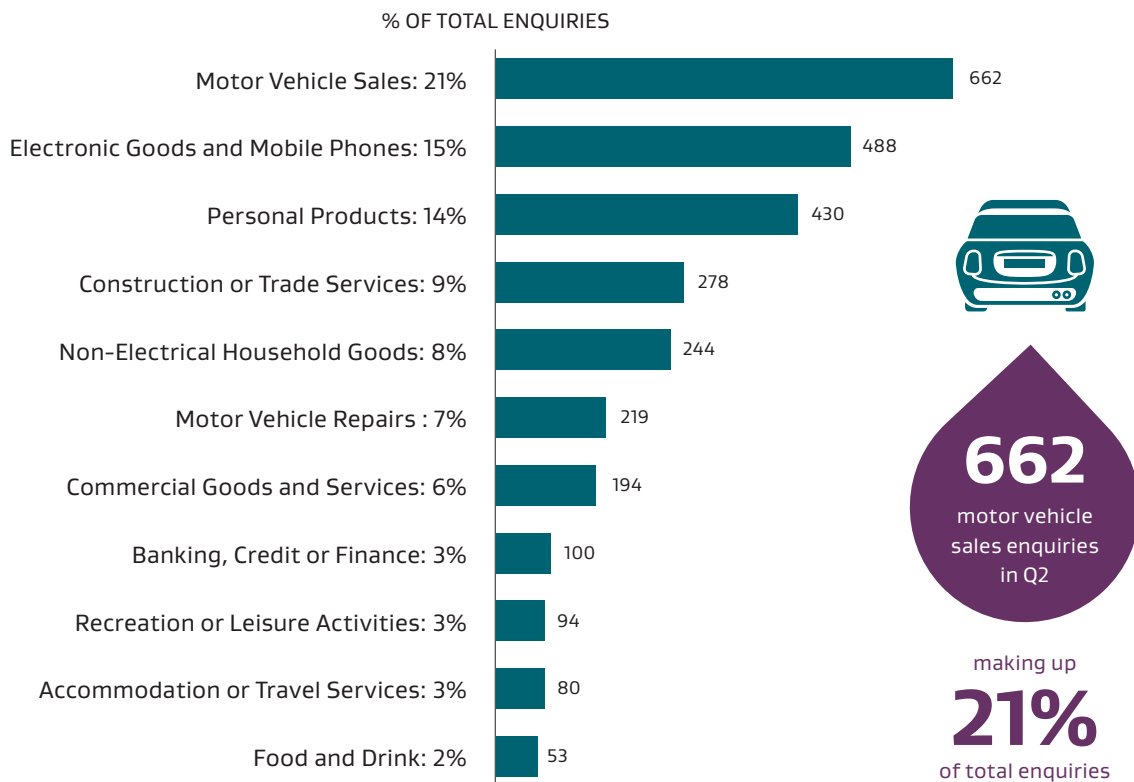
Enquires to MBIE service centre

Between 1 October and 31 December the MBIE service centre received **3,172** enquires, an 11% decrease on the previous quarter (3,552). Half of all enquiries received related to motor vehicle sales, electronics goods, and personal products. Reflecting the overall decrease in enquires, most categories also experienced decreases this quarter.

Breakdown by sector

Figure 2 shows the total number of enquiries received by the MBIE service centre in quarter 2 by the sector the enquiry relates to.

Figure 2: Enquiries by sector, Q2 2019/20FY



Base: Total enquiries (n=3,172)

Note only categories receiving 50 or more enquiries are shown

The next largest categories were electronic goods & mobile phones (15%), personal products (14%), construction or trade services (9%), and non-electrical household goods (8%).

Changes since last quarter

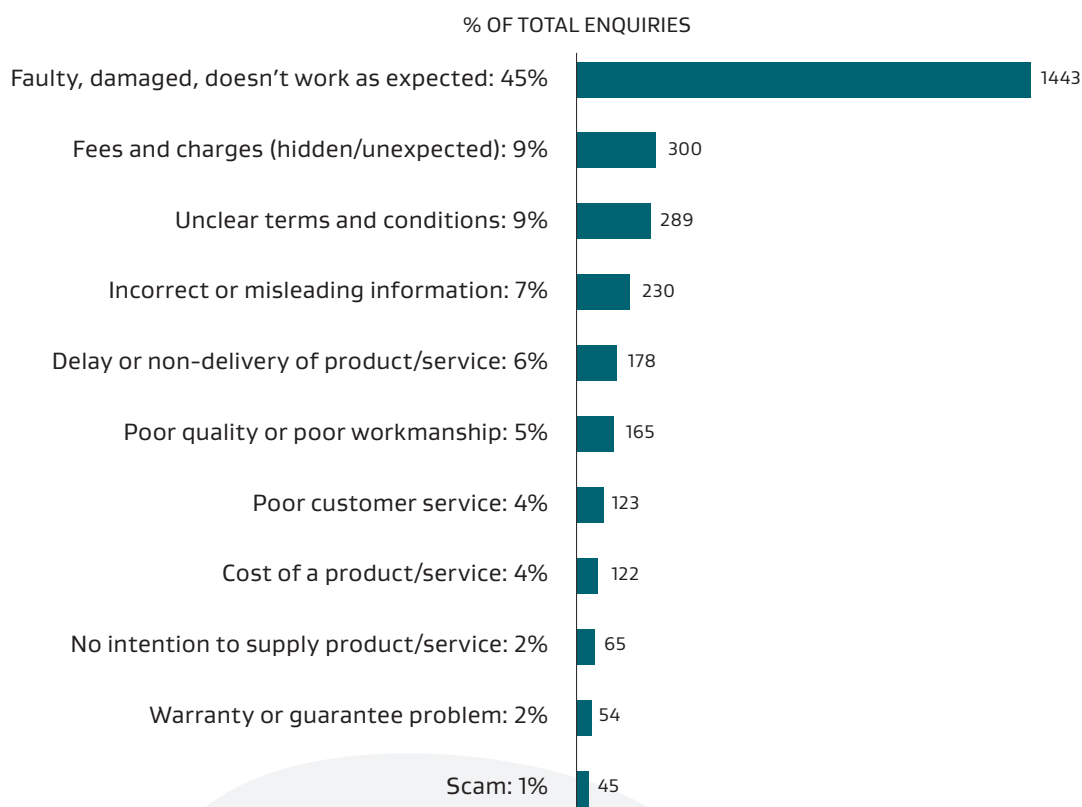
- The total number of enquiries to the MBIE service centre decreased by 11% over the last quarter from 3,552 to 3,172.
- The top five sectors remain unchanged this quarter, although 'construction or trade services' and 'non-electrical household goods' swapped positions.
- A few sectors experienced an increase in enquiries this quarter – 'motor vehicle repairs' (47 more enquiries, a 27% increase), 'health products' (n=24, 114%), entertainment' (n=13, 108%), 'recreation and leisure activities' (n=11, 13%) and utility services (n=9, 14%).
- Most sectors experienced decreases, with 'motor vehicle sales' and 'electronic goods' having the largest decrease in enquiries over the last quarter (125 and 123 fewer enquiries respectively).



Breakdown by issue

Enquiries were most likely to relate to potential breaches of the Consumer Guarantees Act (CGA). A product or service being faulty, damaged, or not working as expected was most frequently noted as the issue in enquiries received, making up 45% of all enquiries (figure 3). Just over a quarter of enquiries (28%) related to potential breaches of the Fair Trading Act, including issues of being provided with misleading information, unclear terms, hidden fees, or no intention to supply.

Figure 3: Enquiry by issue, Q2 2019/20FY



Base: Total enquiries (n=3,172)

Note only issues receiving 45 or more enquiries are shown

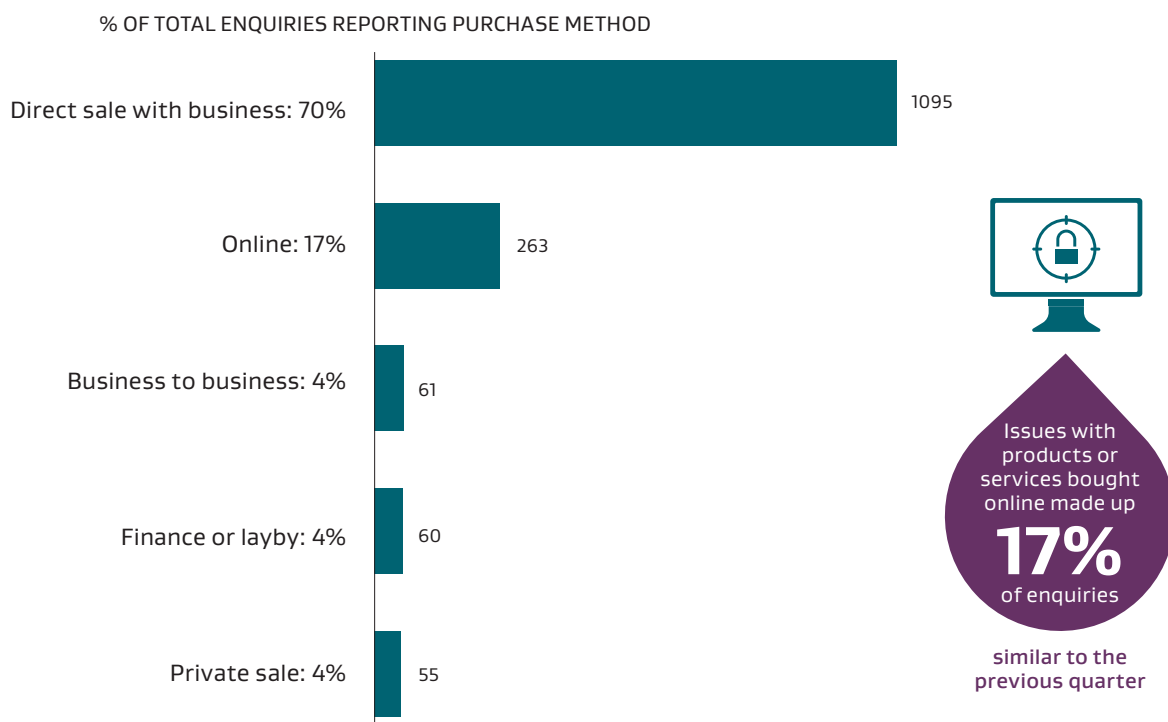
Changes since last quarter

- No change to the top five issues this quarter although 'unclear terms and conditions' moved to third (from second) and 'fees and charges (hidden/unexpected)' moved to second (from third).
- Most issues experienced decreases this quarter, with the top issues experiencing the largest decreases.
- 'Warranty or guarantee problem' was one of the only issues that experienced an increase this quarter (up 11 enquiries, 22%).

Breakdown by purchase method

Consumer enquiries spanned all purchase channels,¹ although the majority (74%) was made in person (including at a shop or calling the business directly).

Figure 4: Enquiry by purchase method, Q2 2019/20FY



Base: Total enquiries reporting purchase method (n=1,557)
 Note only purchase methods receiving 50 or more enquiries are shown

Issues with products/services bought online made up 17% of enquiries, those through business to business made up 4%, finance agreement or layby made up 4%, private sale made up 4% and those made through uninvited sales (meaning from telemarketers or door-to-door salespeople) made up 1%.

Changes since last quarter

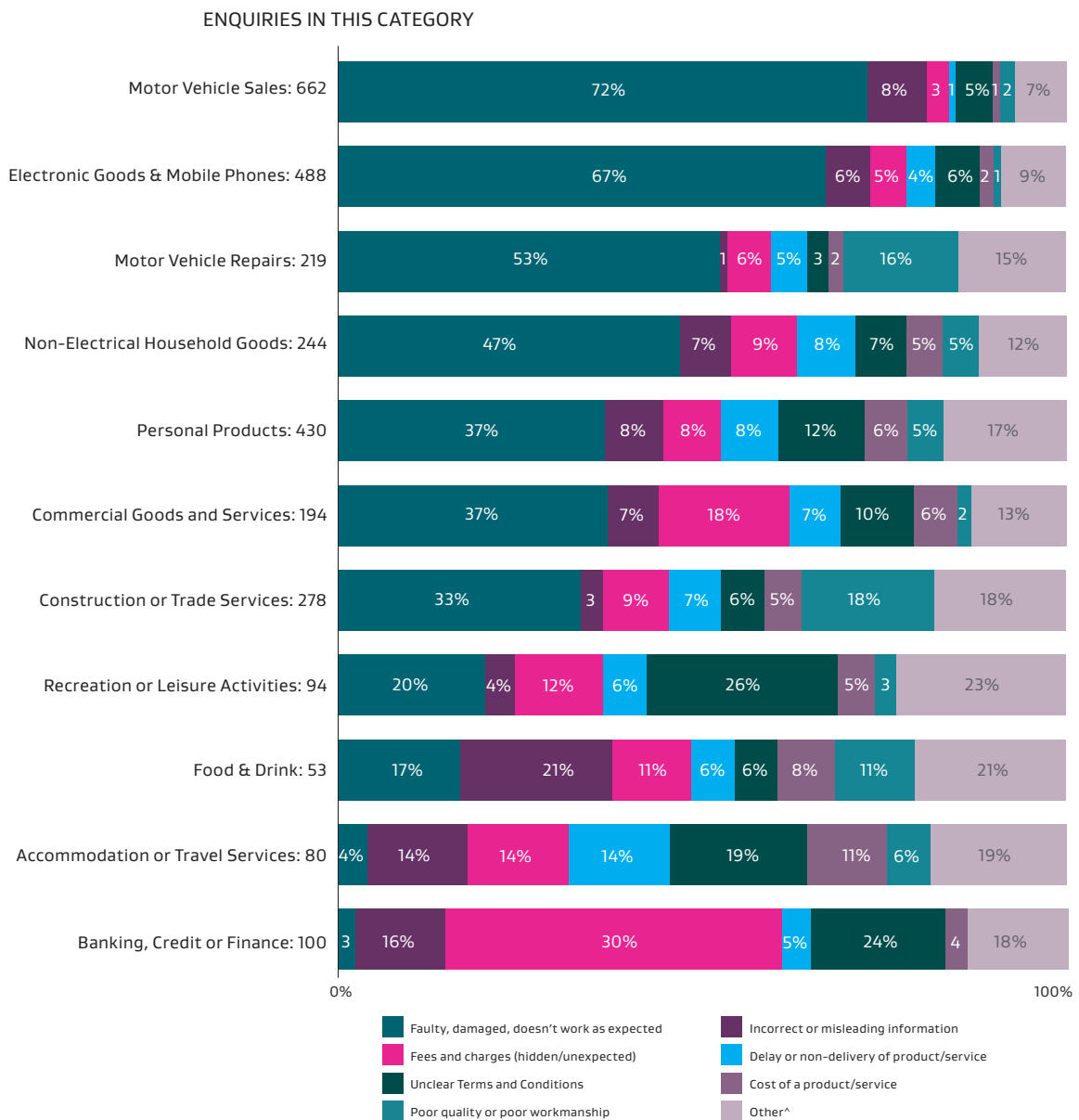
- Direct sales experienced a decrease (making up 70% compared to 74% last quarter).
- Issues where 'finance or layby' was the purchase method increased this quarter and made up 4% of enquiries compared to 1% the previous quarter.

¹ Note that purchase method is not available for all enquiries received. This information may not have been applicable or may not have been recorded.

Reporting by sector: Issue breakdown

Figure 5 shows issue breakdown by sector for enquiries received by the MBIE service centre in quarter 2.

Figure 5: Issue breakdown by sector, Q2 2019/20FY



Base: Total enquiries reporting reason for problem (n=3,172)

Note only categories receiving 50 or more enquiries are shown

^Only issues that made up more than 4% of enquiries are shown, all others are included in the 'other' category

Issues of *'faulty, damaged, doesn't work as expected'* were more likely in the following sectors:

- ▶ Motor vehicle sales, 72%
- ▶ Electronic goods & mobile phones, 67%
- ▶ Motor vehicle repairs, 53%.

Issues related to potential *FTA breaches* (misleading information, unclear terms, hidden fees, or no intention to supply) were more likely in the following sectors:

- ▶ Real estate and property management, 76%
- ▶ Banking, credit or finance, 72%
- ▶ Health services, 65%.

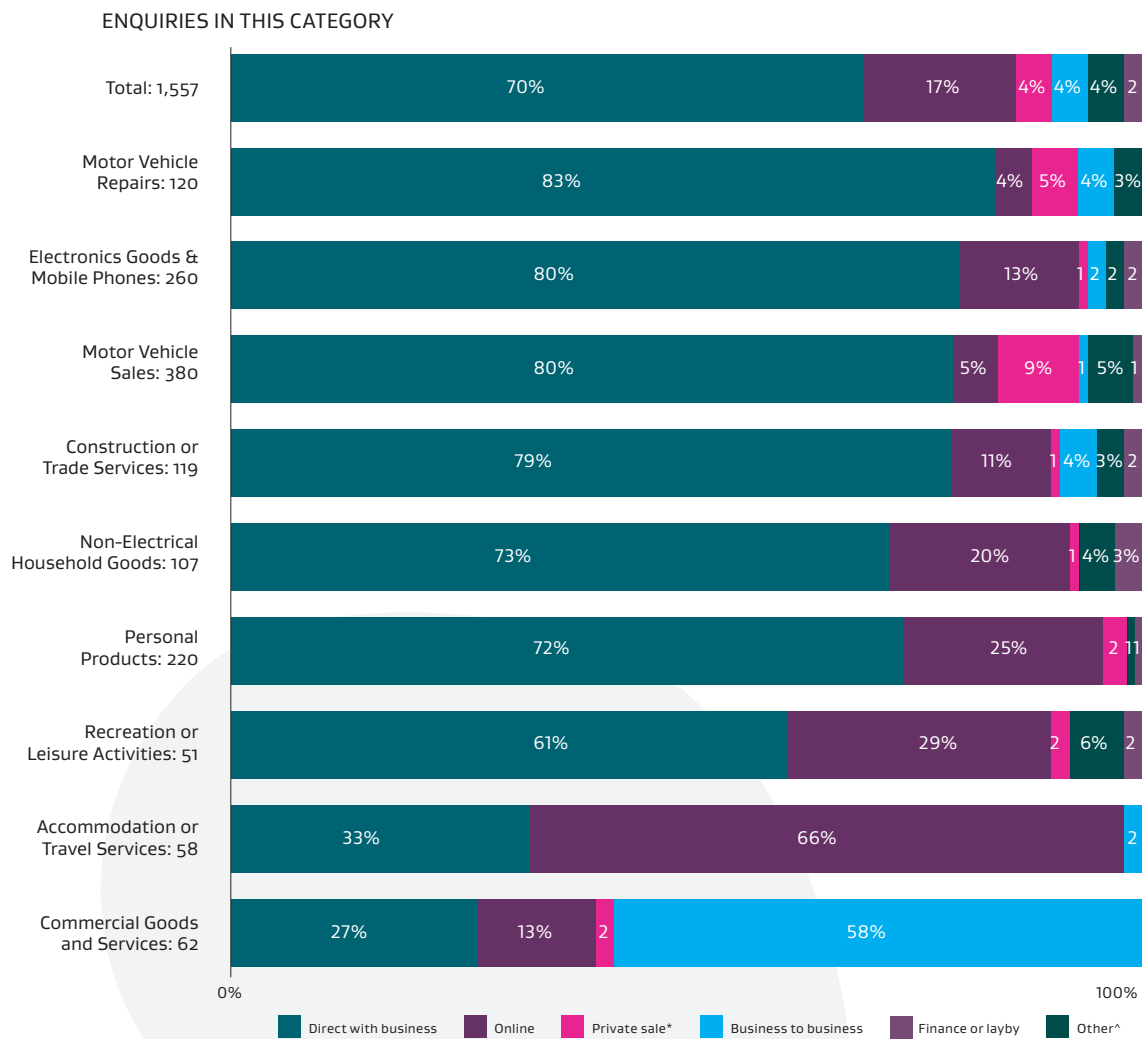
Issues of *'poor quality or poor workmanship'* were more likely in the following sectors:

- ▶ Construction or trade services, 18%
- ▶ Motor vehicle repairs, 16%
- ▶ Legal/Accounting/Other professional services, 14%.

Reporting by sector: Purchase method breakdown

Figure 6 shows purchase method breakdown by sector for enquiries received by the MBIE service centre in quarter 2.

Figure 6: Purchase method breakdown by sector, Q2 2019/20FY



Base: Total enquiries reporting purchase method (n=1,557)

Note only categories receiving 50 or more enquiries are shown

^All other purchase methods that received fewer than 50 enquiries are included in the 'other' category

- ▶ The majority of enquiries across sectors were purchased 'direct with business'.
- ▶ Online was more frequently noted as a purchase method for 'accommodation or travel services' issues.
- ▶ Private sale was more frequently noted as a purchase method for 'motor vehicle sales' issues.



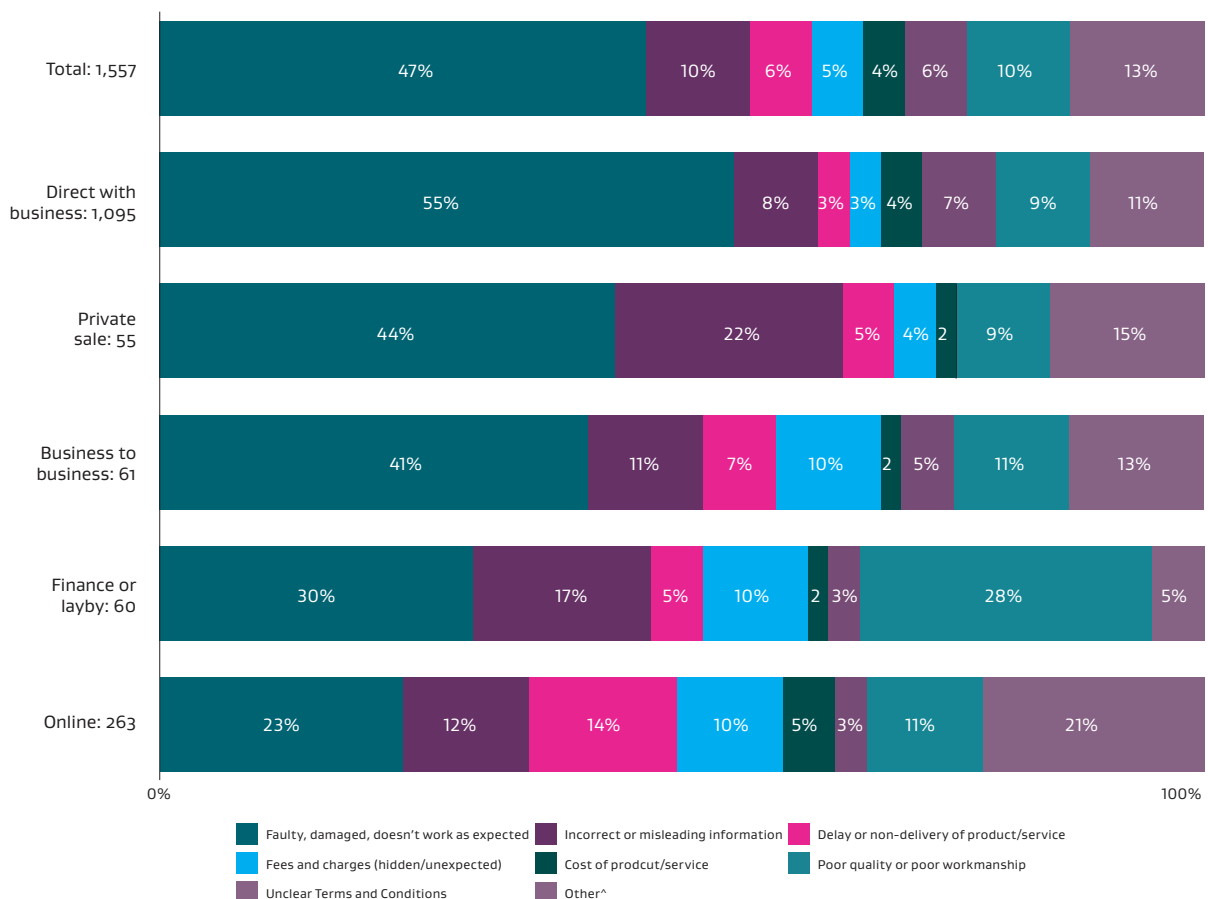
Reporting by purchase method: Issue breakdown

Figure 7 shows issue breakdown by purchase method for enquiries received by the MBIE service centre in quarter 2.

- ▶ 'Faulty, damaged, doesn't work as expected' is the most common issue for purchases across all methods.
- ▶ Finance or layby purchases are more likely than other purchase methods to experience issues of 'unclear terms and conditions'.
- ▶ Purchases made online have a much broader spread of issues than direct sales.

Figure 7: Issue breakdown by purchase method, Q2 2019/20FY

ENQUIRIES IN THIS CATEGORY



Base: Total enquiries reporting purchase method (n=1,557)

Note only purchase methods receiving 50 or more enquiries are shown

^Only issues that had 50 or more enquiries are shown, all others are included in the 'other' category

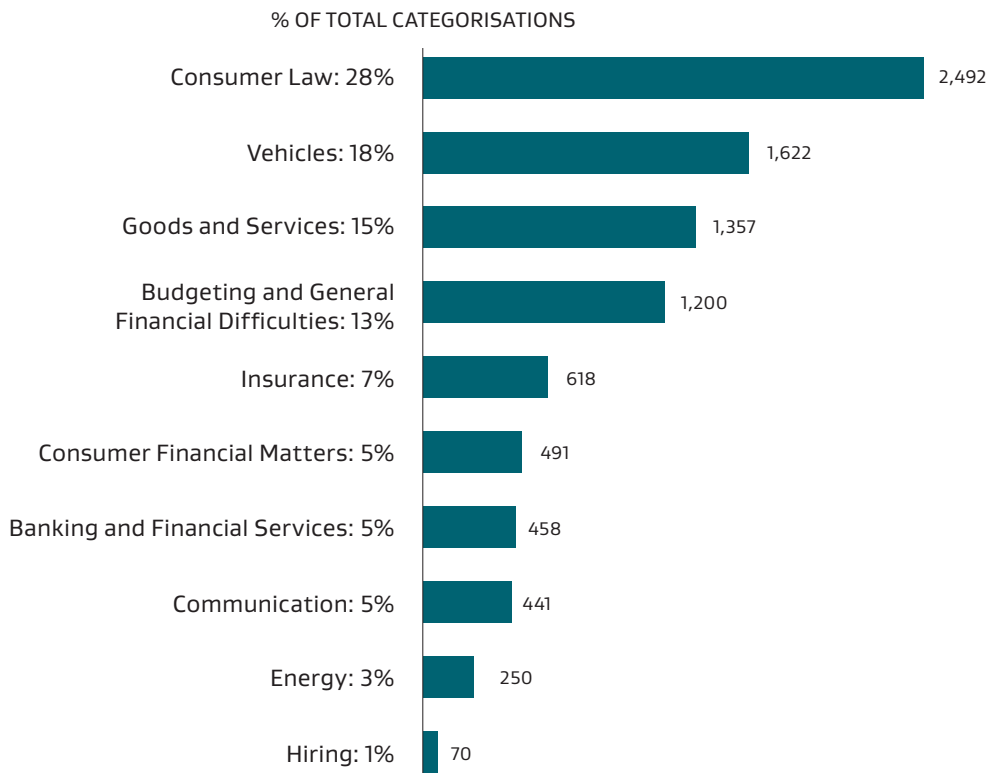
Enquiries to Citizen's Advice Bureau

Between 1 October and 31 December CAB received 8,431 consumer enquiries (that were given 8,999 categorisations) a decrease of 15% compared to the previous quarter (9,940). Sixty percent of all assigned enquiry categories this quarter related to consumer law, vehicles, and goods and services.

Breakdown by aggregated category

There are 53 categories that consumer enquiries to CAB can be assigned, more than one category can be assigned to each consumer enquiry. These are then aggregated up into ten different categories. Consumer law was the category assigned to the highest number of enquiries in quarter 2 (assigned 2,492 times), making up 27% of all categorisations (figure 8). The next largest were vehicles (18%), goods and services (15%), and budgeting and general financial difficulties (13%).

Figure 8: CAB enquiry categorisations by aggregated category, Q2 2019/20FY



Base: Total categorisations (n=8,999)

Changes since last quarter

- The total number of enquiries to CAB decreased by 15% over the last quarter from 9,940 to 8,431.
- All individual categories also experienced decreases this quarter.
- 'Energy' and 'hiring' experienced the largest percentage decrease in enquiries, down 40% (164 fewer enquiries) and 27% (26 fewer enquiries) respectively.



Breakdown by detailed category

Figure 9 shows the detailed categories that consumer enquiries were assigned to in quarter 2. Enquiries categorised as 'Consumer Guarantees Act including complaints about goods and services' made up 24% of all enquiry categorisations (n=2,131), motor vehicle disputes 9% (n=834), and debt recovery and repossession 7% (n=587).

Figure 9: CAB enquiry categorisations by detailed category, Q2 2019/20FY



Base: Total categorisations (n=8,999)
Note only categories of 50 or more are shown

Changes since last quarter

- Only a few detailed categories experienced increases over the last quarter.
- 'Loans – cash loans' saw the largest increase in enquiries, up 20.
- The largest decreases in categorisations were for 'Consumer Guarantees Act', 'Electricity' and 'Internet and phone providers'.



About this report

The purpose of this report is to provide the Consumer Protection Team, our Internal Consumer Fora partners, the Consumer Market Intel group, and other key stakeholders with information on the issues currently affecting consumers, and where possible how these have changed over time.

The information

This report pulls together information collected or supplied to the Consumer Protection Team from the MBIE service centre and Citizen's Advice Bureau (CAB) enquiries received. Readers should note that this data only reflects what consumers have chosen to enquire about.

Reporting quarters are based on the financial year 1 July to 30 June.

When an individual or organisation contacts the MBIE service centre or CAB they choose how much information they feel comfortable providing. Based on the information provided advisors assign a code(s) to the enquiry and this is captured within the responding organisations CRM system.

Each month data received by the MBIE service centre is extracted and supplied to the Consumer Protection team for detailed analysis of consumer enquiries. All enquiries coded 'hang up' and 'wrong number' are removed from the dataset. Data from the CAB is used as received.

Making a consumer enquiry

Anyone can make a consumer enquiry to the MBIE service centre, from members of the public to business and lawyers. Enquiries can be received by telephone or email.

Enquiries to CAB can also be made by anyone and these can be made in person, by telephone or by email.

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