

**Consumer
Protection**

Consumer Protection Quarterly Report

January – March 2019/20



MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

[New Zealand Government](#)

ISSN: 2624-3547 (online)
June 2020

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Executive summary

This is Consumer Protection's quarter three (Q3) report covering data from 1 January – 31 March 2020. 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



CONSUMER ENQUIRIES WERE RECEIVED...
A SLIGHT INCREASE OF 2% FROM THE PREVIOUS QUARTER

Top enquiry sectors/areas



BANKING, BUDGETING, CREDIT OR FINANCE



MOTOR VEHICLES (SALES AND REPAIRS)



ELECTRONIC GOODS



PERSONAL PRODUCTS



NON-ELECTRICAL HOUSEHOLD GOODS

Notable changes

- ▶ Total enquiries to the MBIE service centre increased by 16% this quarter
- ▶ This quarter experienced some different enquiry patterns across sectors as a result of the increasing impact of covid-19 towards the end of the quarter
- ▶ 'Accommodation or travel services', 'Entertainment' and 'Postal, courier and freight services' enquiries experienced the largest increases 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 44% of enquiries received by the MBIE service centre (similar to the previous 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 (68%) relate to purchases made through direct sales (either in person or over the phone)
- ▶ Problems with online purchases made up 20% of enquiries, an increase from the previous quarter (17%)
- ▶ 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, but there was an increase in issues relating to delay or non-delivery this quarter.



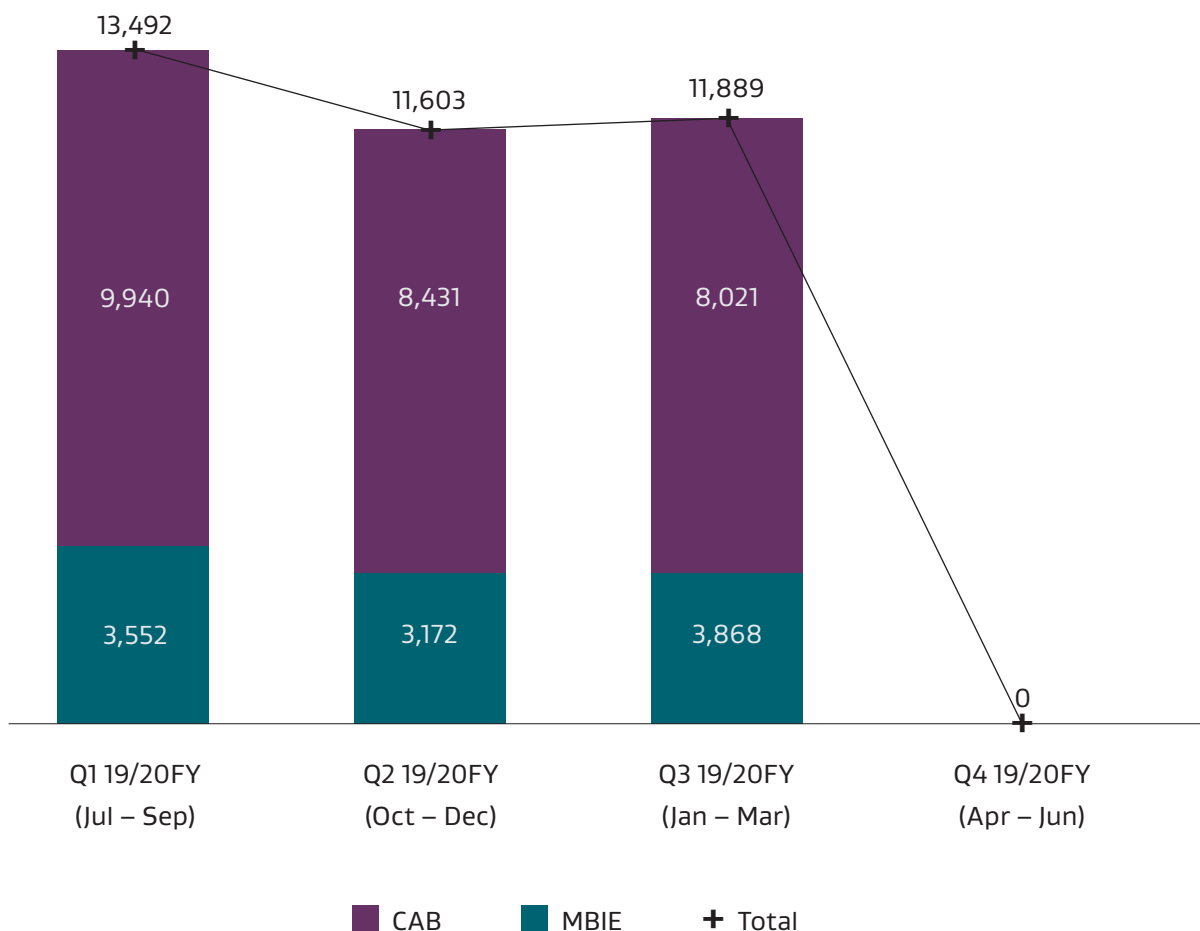
Total enquiries

Between 1 January and 31 March 11,889 consumer enquiries were received by the MBIE service centre and CAB. The number of enquiries increased slightly (2%) compared to the previous quarter.

Breakdown by receiving organisation

Figure 1 shows the number of enquiries received by each organisation so far this financial year. In quarter 3, 11,889 enquiries were received; this is a slight increase from the previous quarter. The increase was driven by an increase in enquiries to the MBIE service centre.¹

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



¹ The total number of enquiries to the MBIE service centre noted in this section is higher than that reported in the trend analyses in the rest of the report as it includes enquiries that were coded as a coronavirus query.

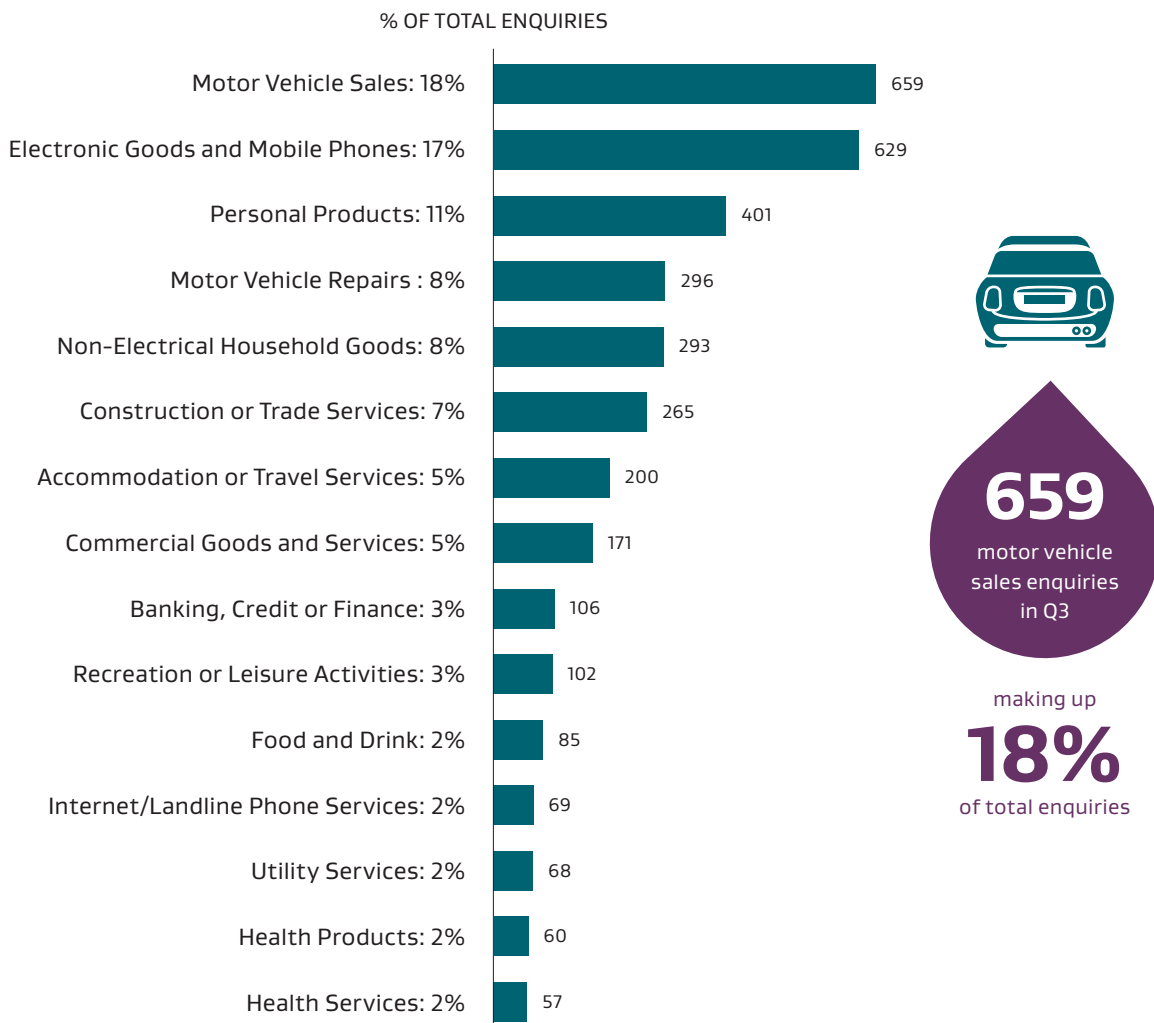
Enquires to MBIE service centre

Between 1 January and 31 March the MBIE service centre received 3,675 enquires, a 16% increase on the previous quarter (3,172). Half of all enquiries received related to motor vehicle sales, electronics goods, and personal products. Reflecting the overall increase in enquiries, most categories also experienced increases this quarter.

Breakdown by sector

Figure 2 shows the total number of enquiries received by the MBIE service centre in quarter 3 by the sector the enquiry relates to.

Figure 2: Enquiries by sector, Q3 2019/20FY



Base: Total enquiries (n=3,675). Note only categories receiving 50 or more enquiries are shown

The next largest categories were electronic goods & mobile phones (17%), personal products (11%), motor vehicle repairs (8%), and non-electrical household goods (8%).

Changes since last quarter

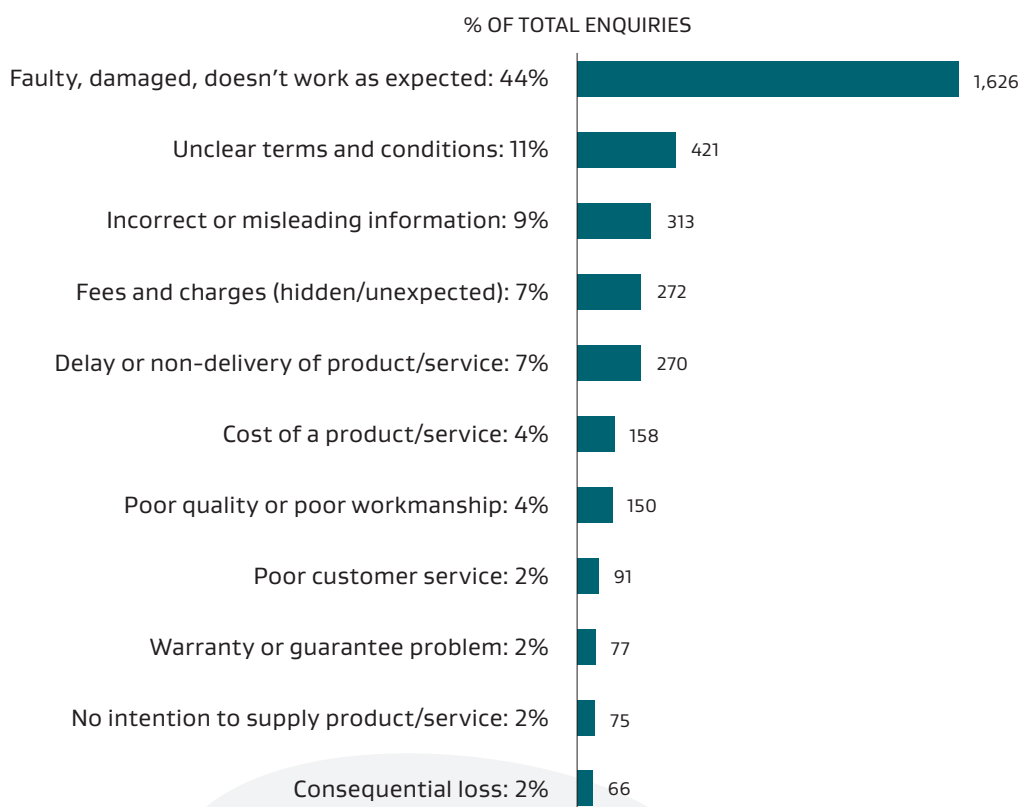
- The total number of enquiries to the MBIE service centre increased by 16% over the last quarter from 3,172 to 3,675.
- The top three sectors remain unchanged this quarter but motor vehicle repairs moved up to fourth following a 35% increase in the number of enquiries received.
- This quarter experienced some different enquiry patterns across sectors as a result of the increasing impact of covid-19 towards the end of this quarter. 'Accommodation or travel services' enquiries experienced the largest increase (120 more enquiries, 150% increase). 'Entertainment' and 'postal, courier and freight services' also experienced large percentage increase in enquiries (96% and 88%).
- Only a few sectors experienced a decrease in enquiries this quarter – 'personal products' (29 fewer enquiries), 'commercial goods and services' (23 fewer), and 'construction or trade services' (13 fewer).



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 44% of all enquiries (figure 3). Just over a quarter of enquiries (29%) 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, Q3 2019/20FY



Base: Total enquiries (n=3,675). Note only issues receiving 50 or more enquiries are shown

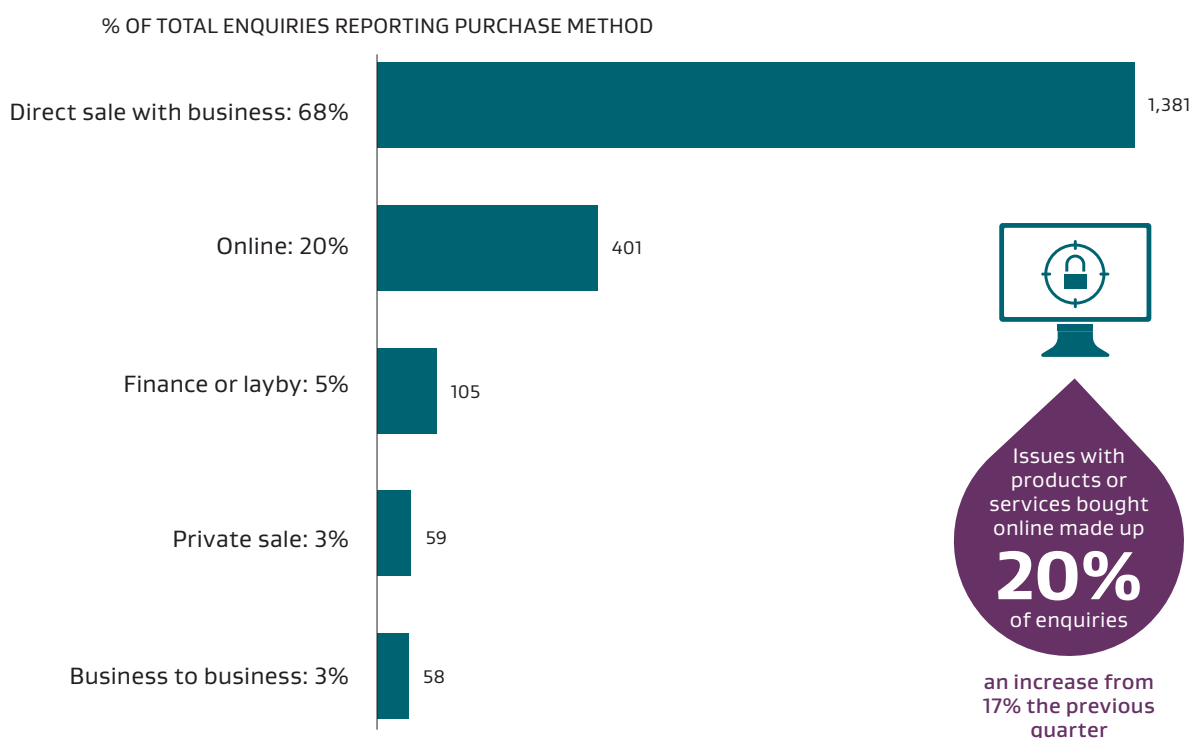
Changes since last quarter

- The top five issues remain unchanged but 'faulty, damaged, doesn't work as expected' and 'fees and charges (hidden/unexpected)' made up a lower proportion of enquiries this quarter.
- 'Fees and charges (hidden/unexpected)' was the only issue in the top five that experienced a decrease in enquiries this quarter (down 28 enquiries, 9%).
- 'Unclear terms and conditions' experienced a large increase in enquiries (up 132, 46%) and made up the highest proportion (11%) of all enquiries since measurements began in Q1 2017/18FY.

Breakdown by purchase method

Consumer enquiries spanned all purchase channels,² although the majority (68%) was made in person (including at a shop or calling the business directly).

Figure 4: Enquiry by purchase method, Q3 2019/20FY



Base: Total enquiries reporting purchase method (n=2,032).

Note only purchase methods receiving 50 or more enquiries are shown

Issues with products/services bought online made up 20% of enquiries, those through finance agreement or layby made up 5%, those through private sale made up 3%, business to business made up 3%, and those made through uninvited sales (meaning from telemarketers or door-to-door salespeople) made up 1%.

Changes since last quarter

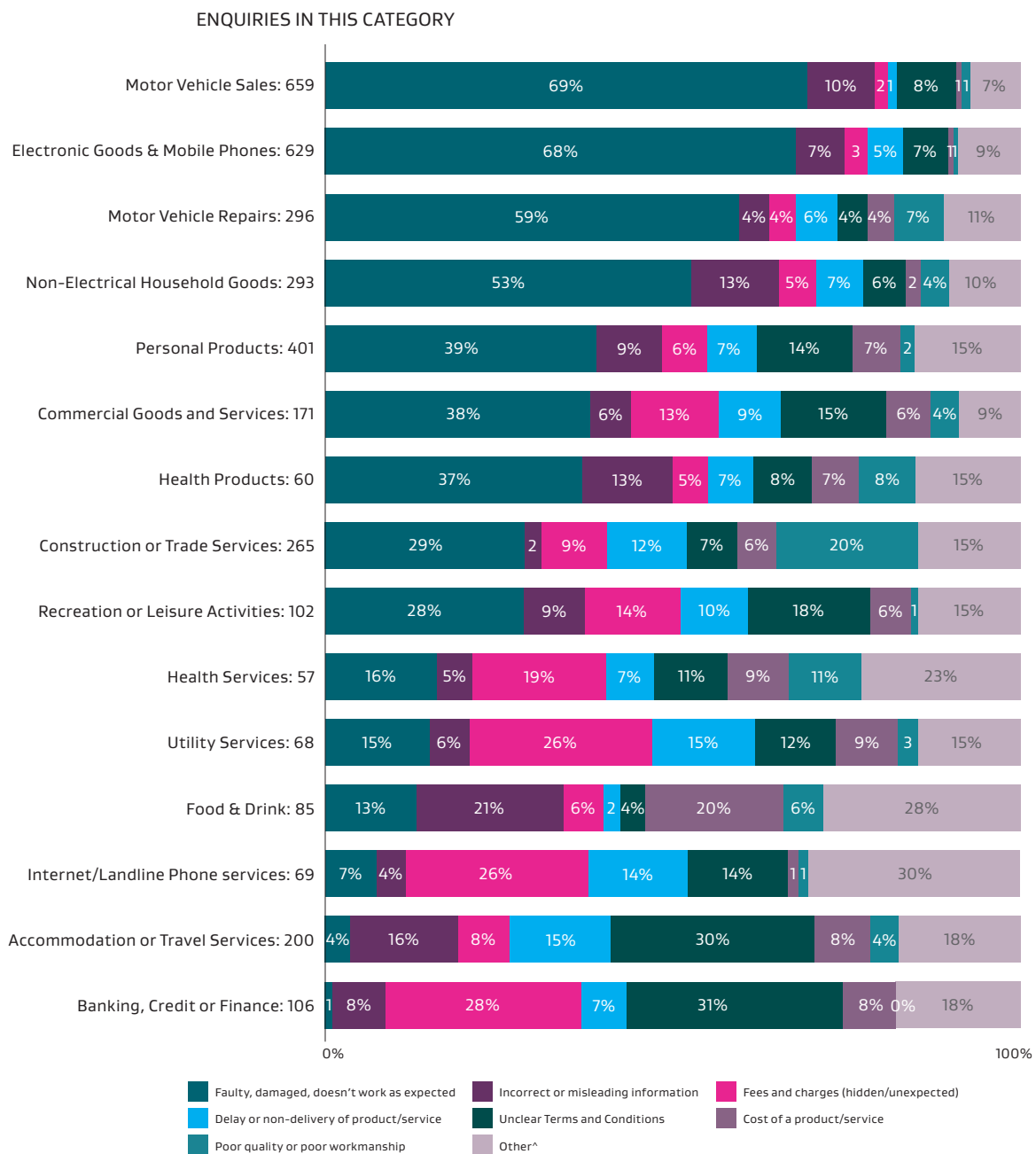
- Direct sales continued to experience a decrease (making up 68% of enquiries, compared to 70% in quarter 2 and 74% in quarter 1).
- Issues where 'finance or layby' was the purchase method increased this quarter and made up 5% of enquiries compared to 4% and 1% in the previous quarters.

² 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 3.

Figure 5: Issue breakdown by sector, Q3 2019/20FY



Base: Total enquiries reporting reason for problem (n=3,675)

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, 69%
- ▶ Electronic goods & mobile phones, 68%
- ▶ Motor vehicle repairs, 59%.

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

- ▶ Banking, credit or finance, 70%
- ▶ Real estate and property management, 68%
- ▶ Insurance, 60%.

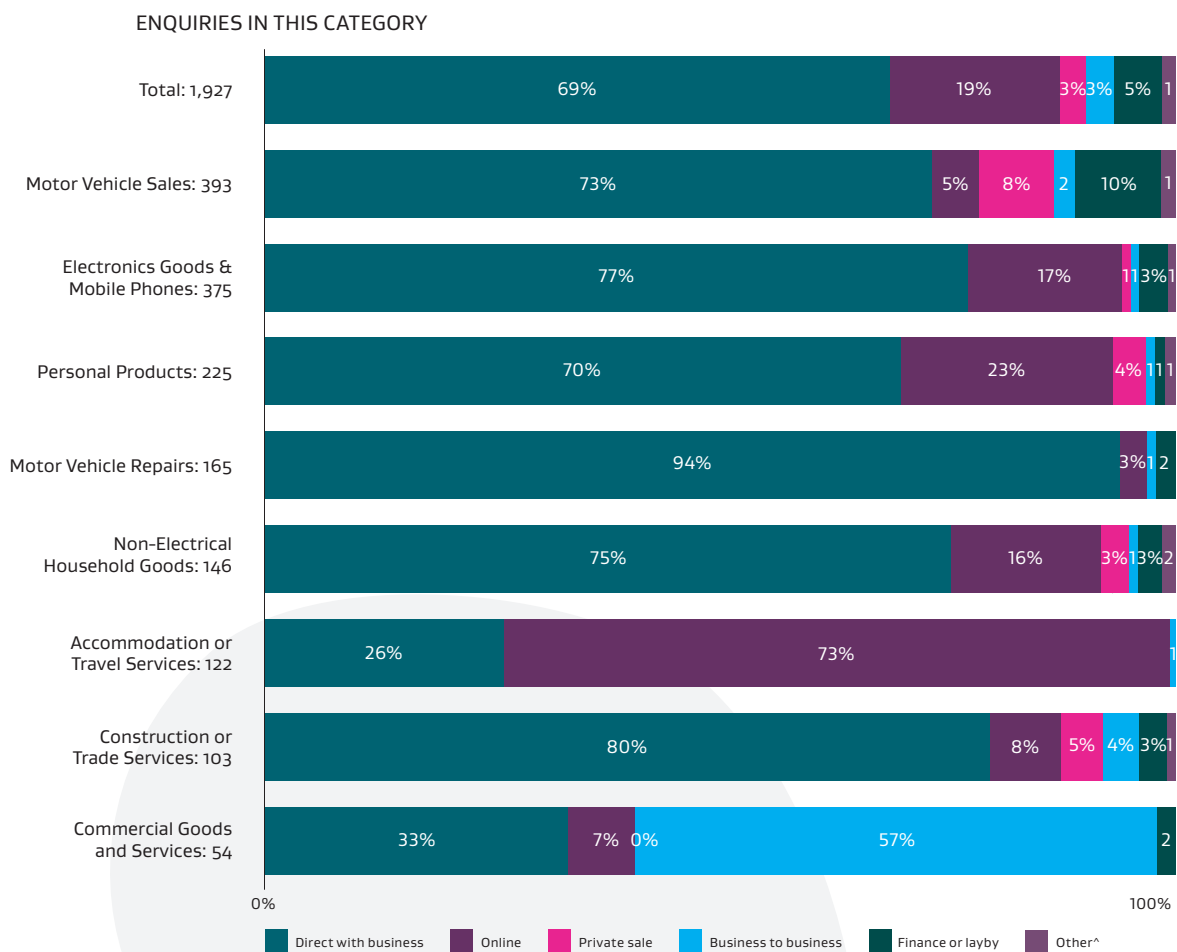
Issues of *'poor quality or poor workmanship'* were more likely in the following sectors:

- ▶ 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 3.

Figure 6: Purchase method breakdown by sector, Q3 2019/20FY



Base: Total enquiries reporting purchase method (n=1,927)

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.

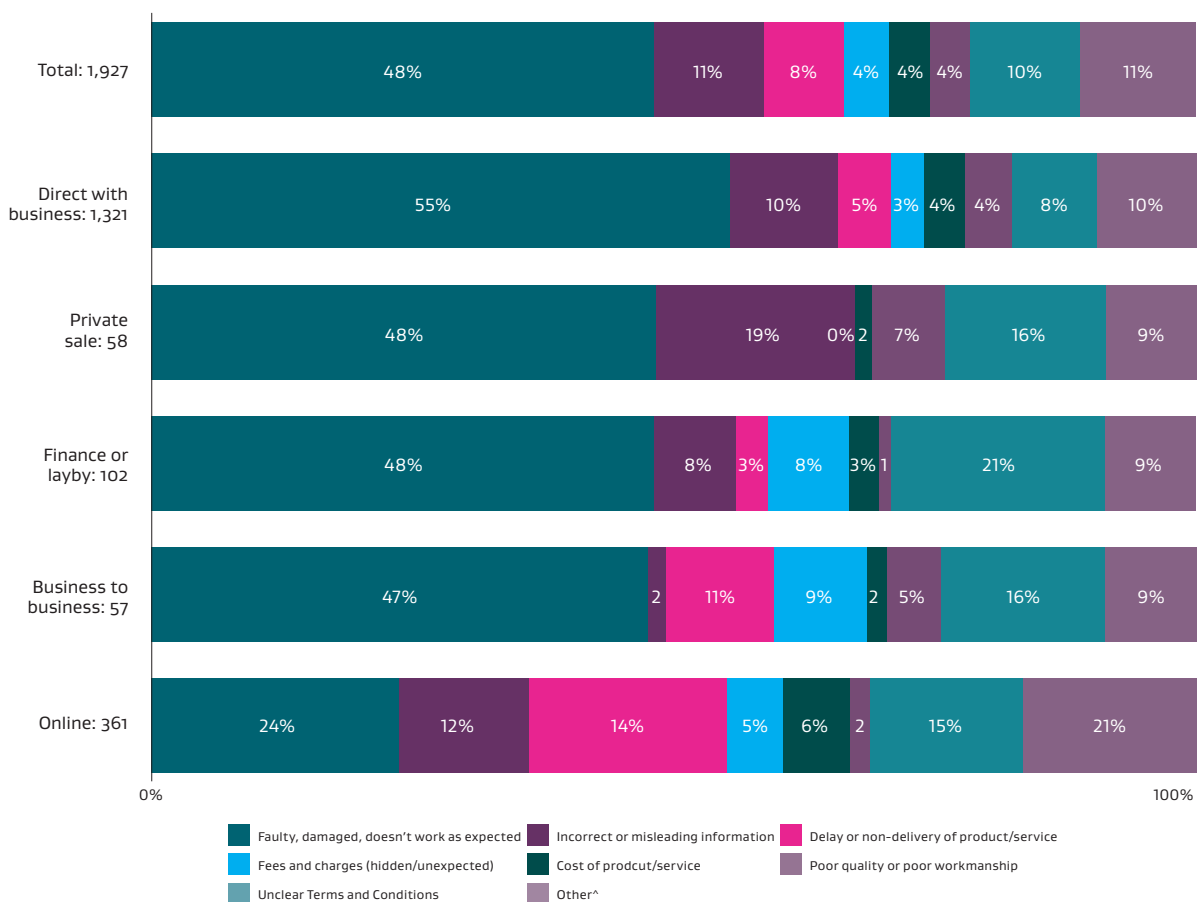
Reporting by purchase method: Issue breakdown

Figure 7 shows issue breakdown by purchase method for enquiries received by the MBIE service centre in quarter 3.

- ▶ '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, with delay or non-delivery the second most common issue (after 'faulty, damaged, doesn't work as expected').

Figure 7: Issue breakdown by purchase method, Q3 2019/20FY

ENQUIRIES IN THIS CATEGORY



Base: Total enquiries reporting purchase method (n=1,927)

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

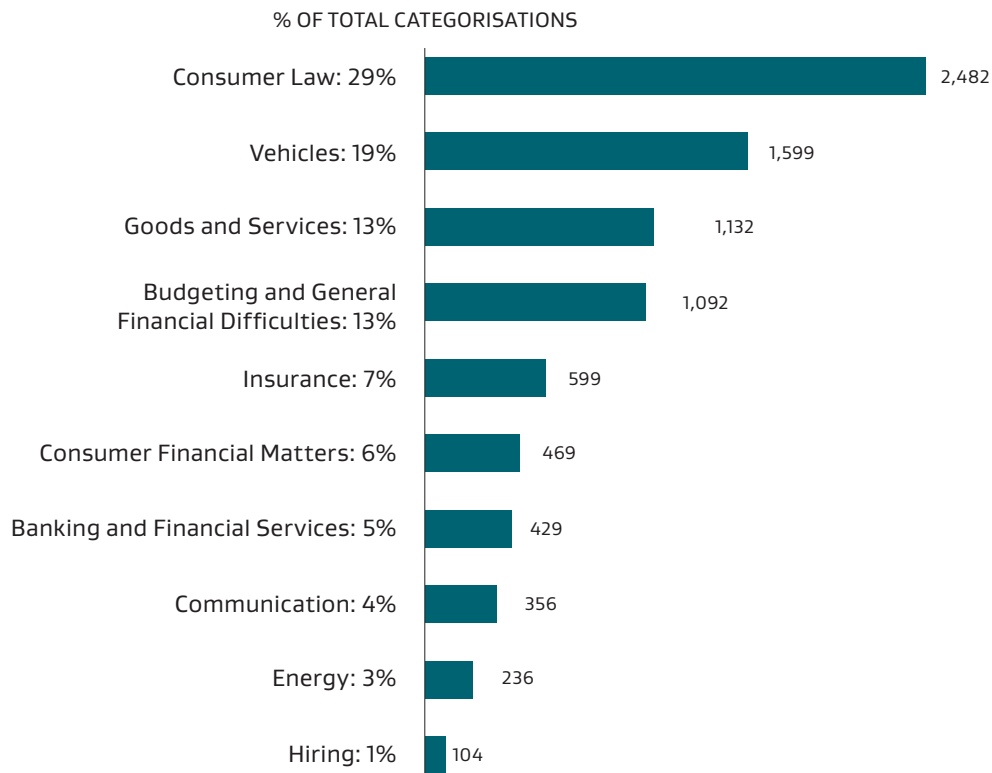
Enquiries to Citizen's Advice Bureau

Between 1 January and 31 March CAB received 8,021 consumer enquiries (that were given 8,498 categorisations) a decrease of 5% compared to the previous quarter (8,431). Around 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 3 (assigned 2,482 times), making up 29% of all categorisations (figure 8). The next largest were vehicles (19%), goods and services (13%), and budgeting and general financial difficulties (13%).

Figure 8: CAB enquiry categorisations by aggregated category, Q3 2019/20FY



Base: Total categorisations (n=8,498)

Changes since last quarter

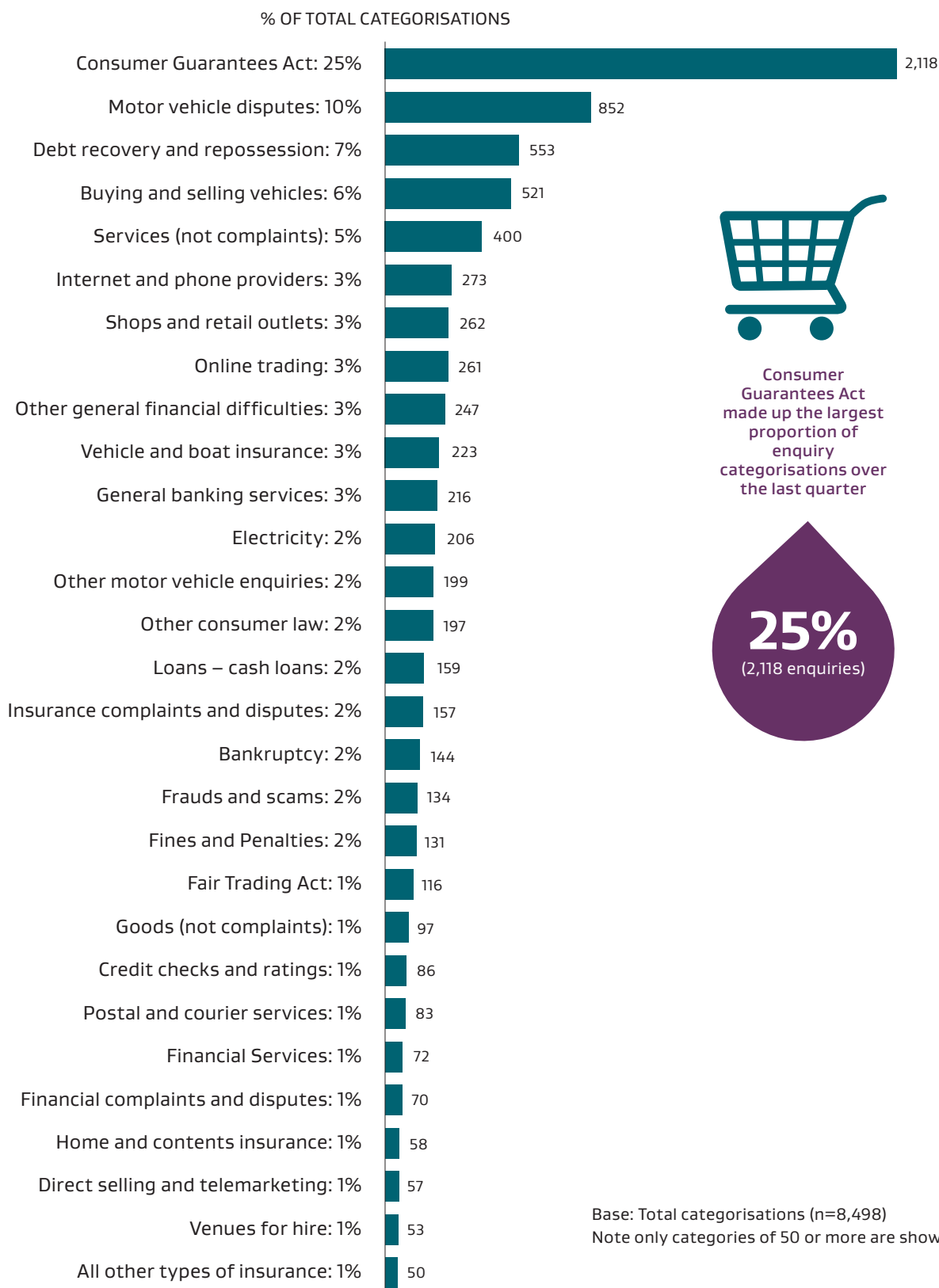
- The total number of enquiries to CAB decreased by 5% over the last quarter from 8,431 to 8,021.
- All aggregated categories, other than 'hiring', also experienced decreases this quarter.
- 'Communication' and 'goods and services' experienced the largest percentage decrease in enquiries, down 19% (85 fewer enquiries) and 17% (225 fewer enquiries) respectively.



Breakdown by detailed category

Figure 9 shows the detailed categories that consumer enquiries were assigned to in quarter 3. Enquiries categorised as 'Consumer Guarantees Act including complaints about goods and services' made up 25% of all enquiry categorisations (n=2,118), motor vehicle disputes 10% (n=852), and debt recovery and repossession 7% (n=553).

Figure 9: CAB enquiry categorisations by detailed category, Q3 2019/20FY



Changes since last quarter

- Only a few detailed categories experienced increases over the last quarter.
- 'Online trading' saw the largest increase in enquiries, up 63.
- The largest decreases in categorisations were for 'Internet and phone providers', 'Services (not complaints)' and 'Other general financial difficulties'.



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 CAB³ 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.

³ Client enquiries to CAB can be assigned to more than one category so total client enquiries do not equal category totals.



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