

Consumer Protection **Quarterly Report**

July–September 2020/21



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Executive summary

This is Consumer Protection's quarter one (Q1) report covering data from 1 July – 30 September 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

AN INCREASE OF 46% COMPARED TO THE PREVIOUS QUARTER

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 increased by 55% this quarter and are also 8% higher than the same period last year
- Increases in MBIE service centre enquiries were observed across nearly all areas, with the top sectors/areas experiencing the largest increases
- Although lower in volume 'Banking, credit and finance', 'Insurance', 'Legal/Accounting/Other professional service', and 'Real estate and property management' experienced large percentage increases
- 'Mobile telecommunication services' and 'Accommodation or travel services' experienced slight decreases 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
- Potential FTA breaches were most likely to be noted in enquiries related to 'Insurance', 'Legal/Accounting/Other professional service', 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 'Health services'

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 20% of enquiries, a decrease from 25% last quarter but an increase compared to the same period last year (18%)
- Online was more frequently noted as a purchase method for 'personal product' and 'Recreation and leisure' issues
- The proportion of motor vehicle sales issues noted as being a private sale have increased over the last few quarters from 8% (Q3 19/20FY) to 12% this quarter.

Total enquiries

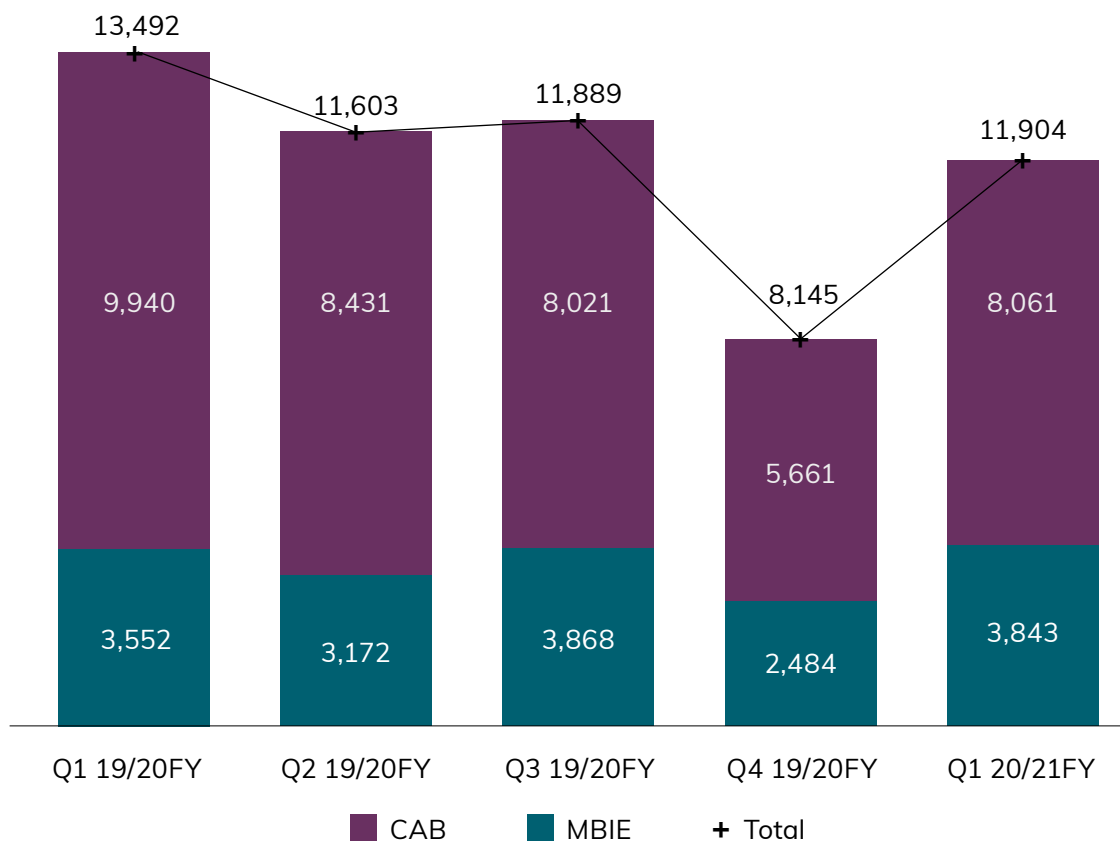
Between 1 July and 30 September **11,904** consumer enquiries were received by the MBIE service centre and CAB. The number of enquiries increased (46%) compared to the previous quarter – the previous quarter covered the COVID-19 lockdown period.

Breakdown by receiving organisation

Figure 1 shows the number of enquiries received by each organisation in quarter 1. In quarter 1, 11,904 enquiries¹ were received; this is an increase from the previous quarter but last quarter would have been impacted by the COVID-19 lockdown.

Of the enquiries received this quarter 68% of them were through CAB. Compared to quarter 1 last year, enquiries to the MBIE service centre are higher and enquiries to CAB are lower.

Figure 1: Total consumer enquiries received by MBIE service centre and CAB, Q1 2019/20FY to Q1 2020/21FY



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 (n=91).

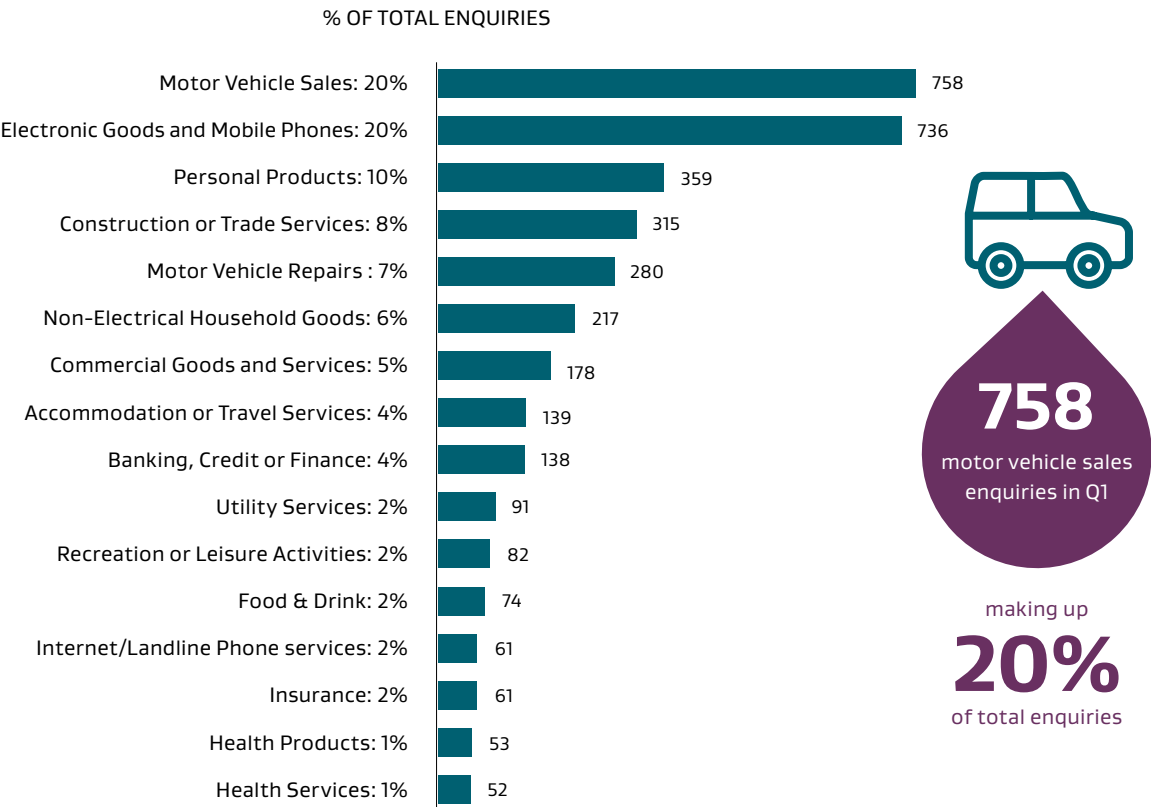
Enquiries to MBIE Service Centre

Between 1 July and 30 September the MBIE service centre received 3,752 enquires, a 73% increase on the previous quarter (2,164). Half (50%) of all enquiries received related to motor vehicle sales, personal products, and electronic goods. Reflecting the overall increase in enquires, 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 1 by the sector the enquiry relates to.

Figure 2: Enquiries by sector, Q1 2020/21FY

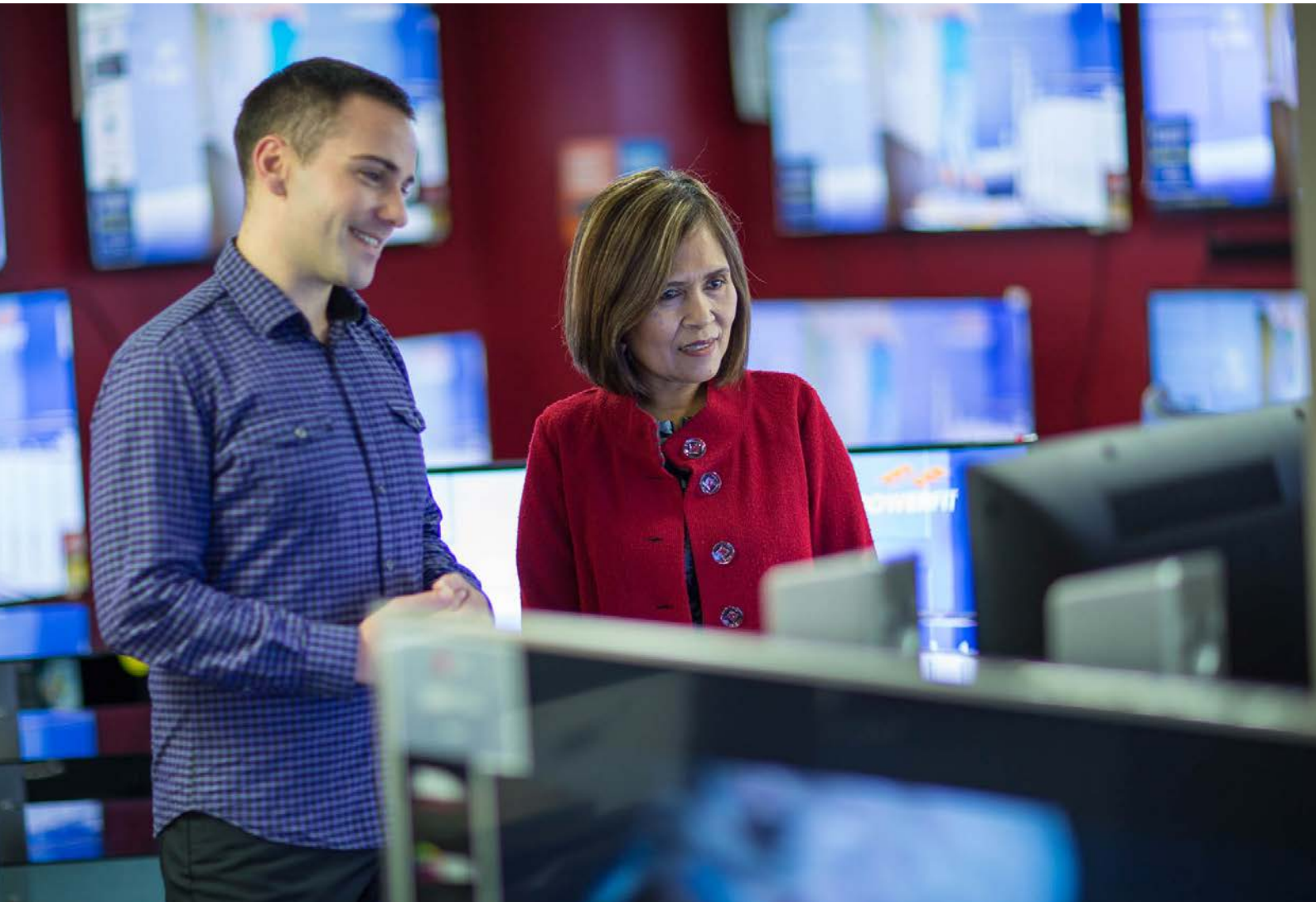


Base: Total enquiries (n=3,752).
Note only categories receiving 50 or more enquiries are shown.

The next largest categories were electronic goods & mobile phones (20%), personal products (10%), construction or trade services (8%), and motor vehicle repairs (7%).

Changes since last quarter

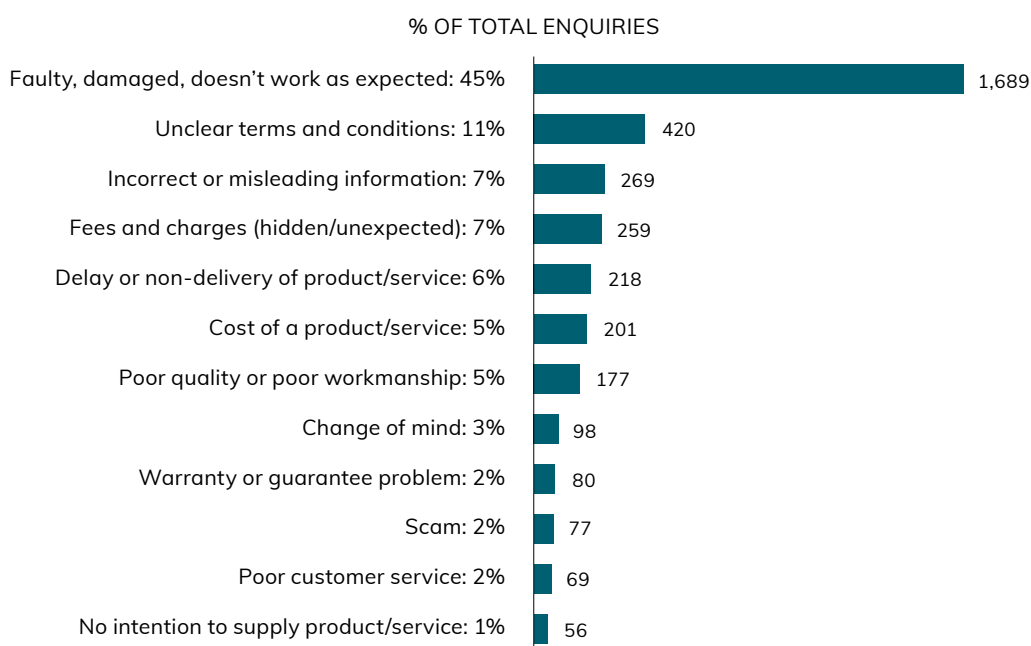
- The total number of enquiries to the MBIE service centre increased by 73% over the last quarter from 2,164 to 3,752. However, last quarters enquiries were low due to the COVID-19 lockdown.
- A slight change to the top five sectors this quarter, with motor vehicle repairs moving into the top 5 and non-electrical household goods dropping out.
- Most sectors experienced an increase in enquiries this quarter with the top sectors experiencing the largest increases in enquiry numbers. Although lower in volume 'Banking, Credit or Finance', 'Insurance', 'Legal/Accounting/Other professional service' and 'Real estate and property management' experienced large percentage increases.
- Two sectors experienced slight decreases this quarter – 'Mobile telecommunication services' and 'Accommodation or travel services'.



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 (27%) 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, Q1 2020/21FY



Base: Total enquiries (n=3,752).

Note only issues receiving 50 or more enquiries are shown.

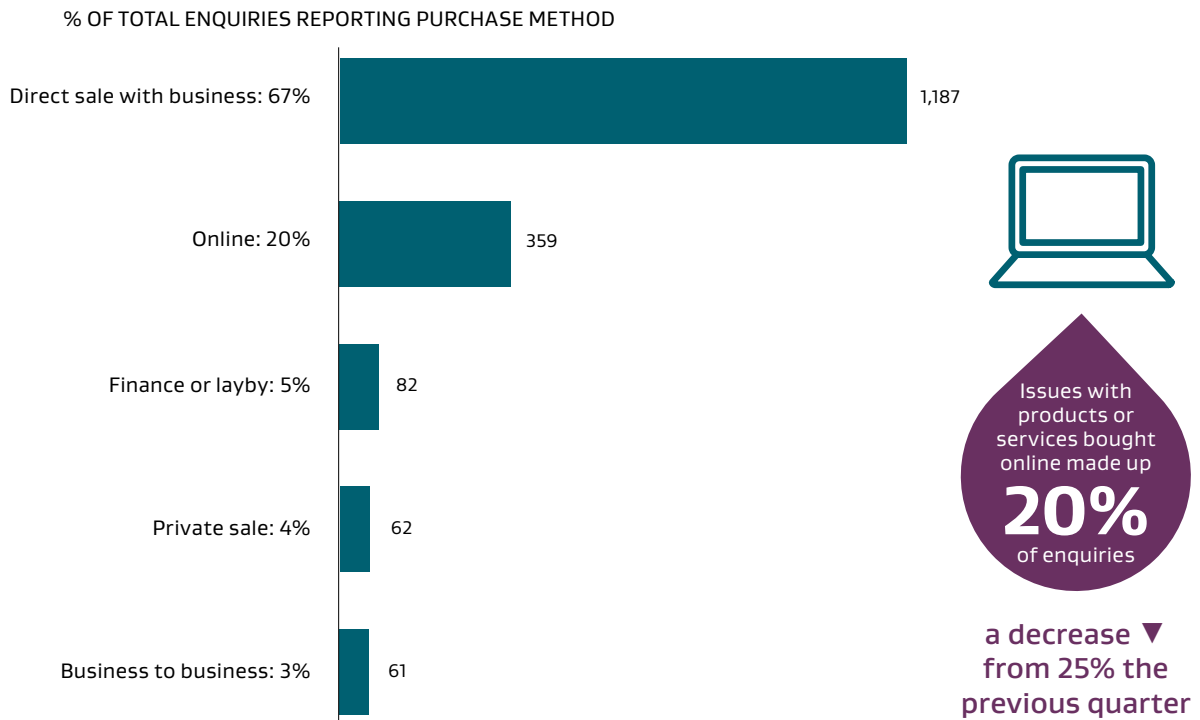
Changes since last quarter

- No change to the top five issues this quarter.
- Most issues experienced increases this quarter, with the top issues experiencing the largest increases. 'Poor quality or poor workmanship' also experienced a large increase this quarter.

Breakdown by purchase method

Consumer enquiries spanned all purchase channels,² although the majority (74%) was made in person (including at a shop or calling the business directly).

Figure 4: Enquiry by purchase method, Q1 2020/21FY



Base: Total enquiries reporting purchase method (n=1,770).
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%, and private sales 4%. 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

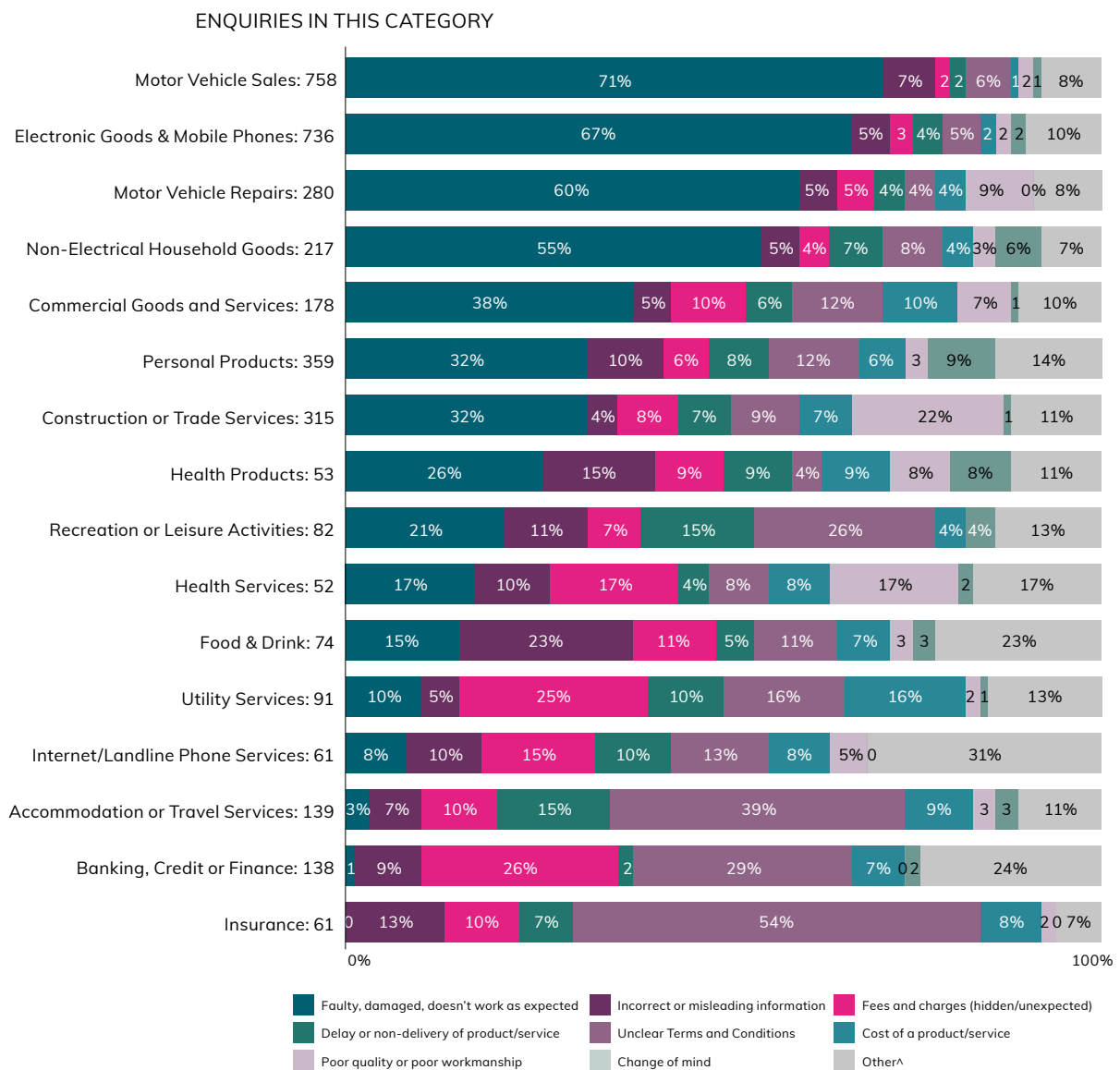
- The proportion of enquiries related to direct sales increased this quarter, from 61% to 67%. Those through finance agreement or layby also increased slightly.
- Online sales experienced a decrease (making up 20% compared to 25% last quarter), however this is still higher than the same period last year (18%).

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 1.

Figure 5: Issue breakdown by sector, Q1 2020/21FY



Base: Total enquiries reporting reason for problem (n=3,752).

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, 71%
- Electronic goods & mobile phones, 67%
- Motor vehicle repairs, 60%.

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

- Insurance, 79%
- Legal/Accounting/Other professional service, 73%
- Banking, credit or finance, 67%.

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

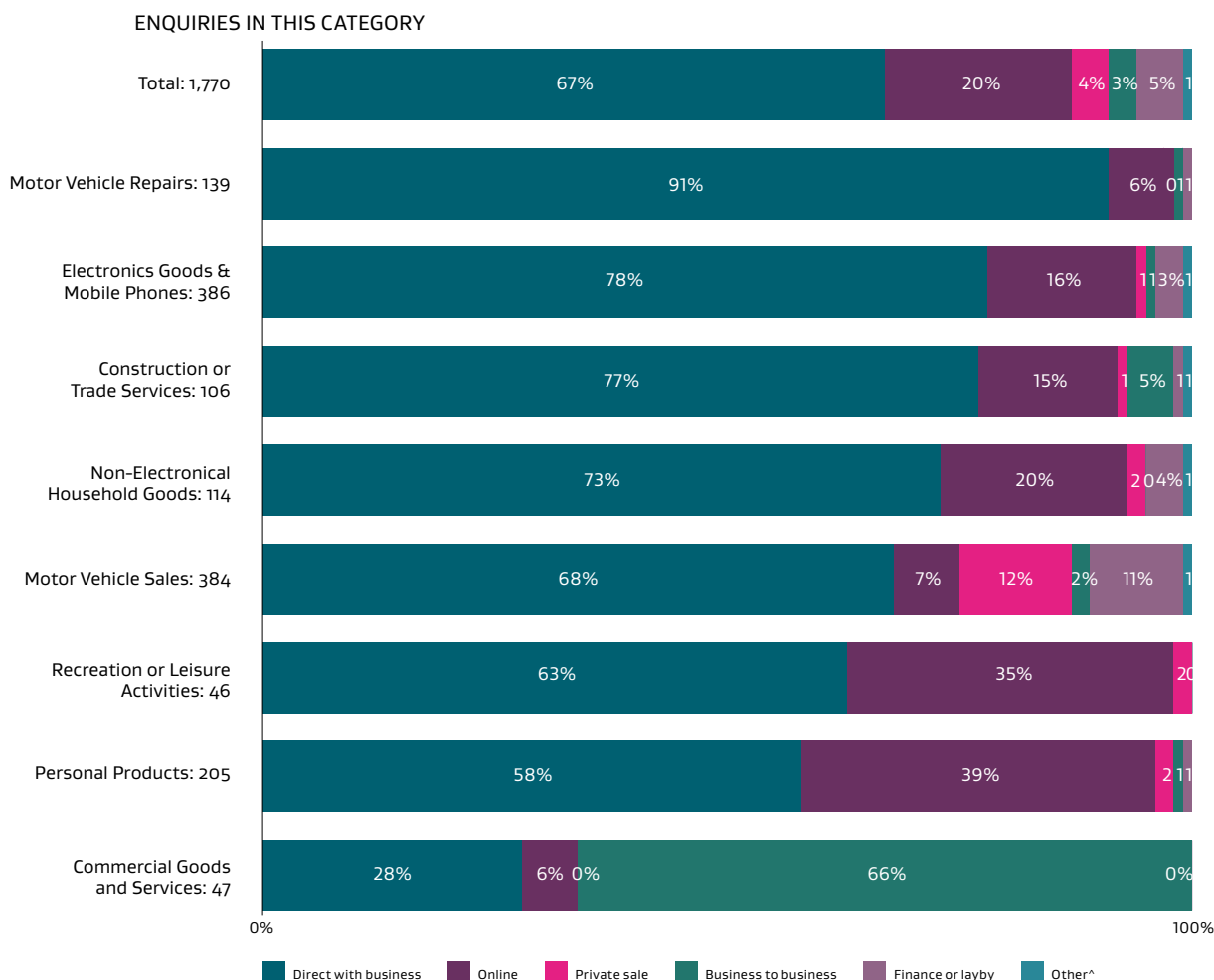
- Construction or trade services, 22%
- Health services, 17%
- Motor vehicle repairs, 9%.



Reporting by sector: Purchase method breakdown

Figure 6 shows purchase method breakdown by sector for enquiries received by the MBIE service centre in quarter 1.

Figure 6: Purchase method breakdown by sector, Q1 2020/21FY



Base: Total enquiries reporting purchase method (n=1,770)

Note only categories receiving 45 or more enquiries are shown

^All other purchase methods that received fewer than 45 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 'personal products' and 'recreation or leisure activities' issues.
- Private sale was more frequently noted as a purchase method for 'motor vehicle sales' issues. The proportion of motor vehicle sales issues noted as being a private sale has increased over the last few quarters from 8% in quarter 3 19/20FY to 12% this quarter.

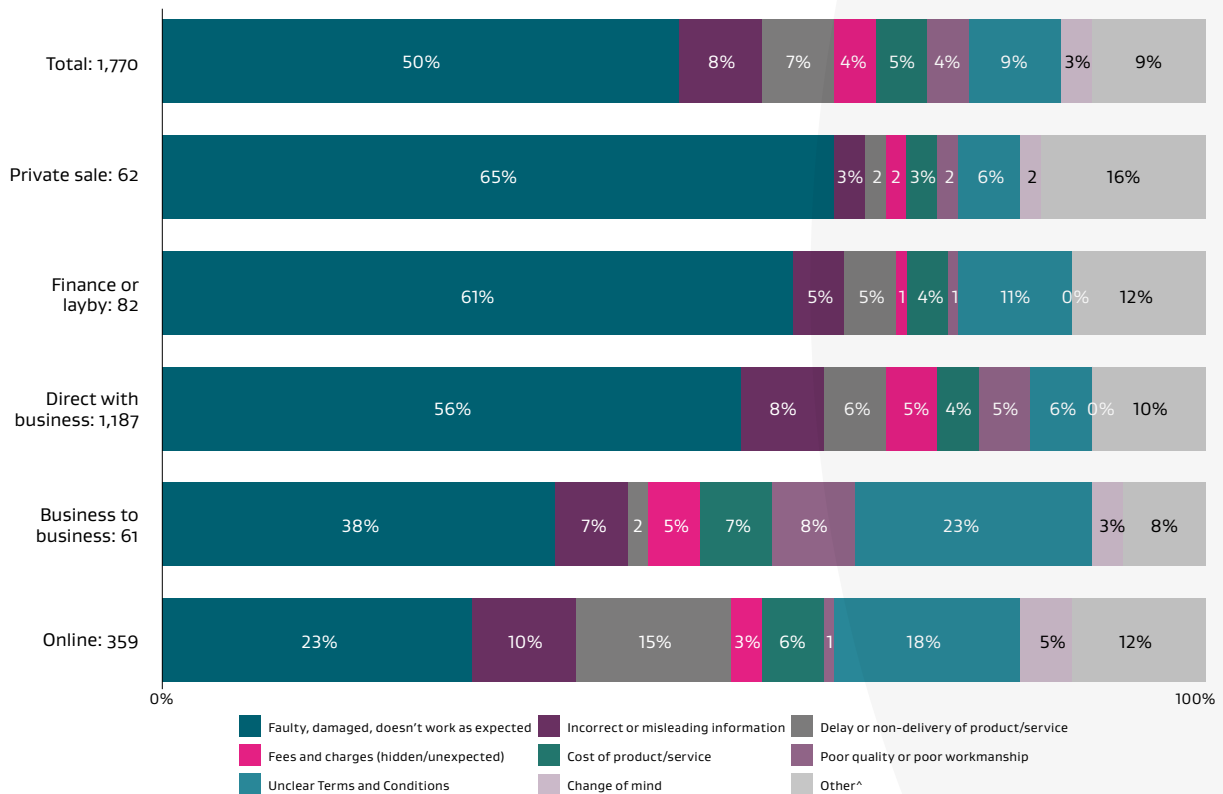
Reporting by purchase method: Issue breakdown

Figure 7 shows issue breakdown by purchase method for enquiries received by the MBIE service centre in quarter 1.

- ‘Faulty, damaged, doesn’t work as expected’ is the most common issue for purchases across all methods.
- Finance or layby, business to business and online purchases are more likely than other purchase methods to note experiencing issues of ‘unclear terms and conditions’.
- Purchases made online have a much broader spread of issues than direct sales, with ‘unclear terms and conditions’, ‘delay or non-delivery’, and ‘incorrect or misleading information’ being common issues (after ‘faulty, damaged, doesn’t work as expected’).

Figure 7: Issue breakdown by purchase method, Q1 2020/21FY

ENQUIRIES IN THIS CATEGORY



Base: Total enquiries reporting purchase method (n=1,770).

Note only purchase methods receiving 50 or more enquiries are shown.

^Only the top issue categories are shown, all others are included in the ‘other’ category.

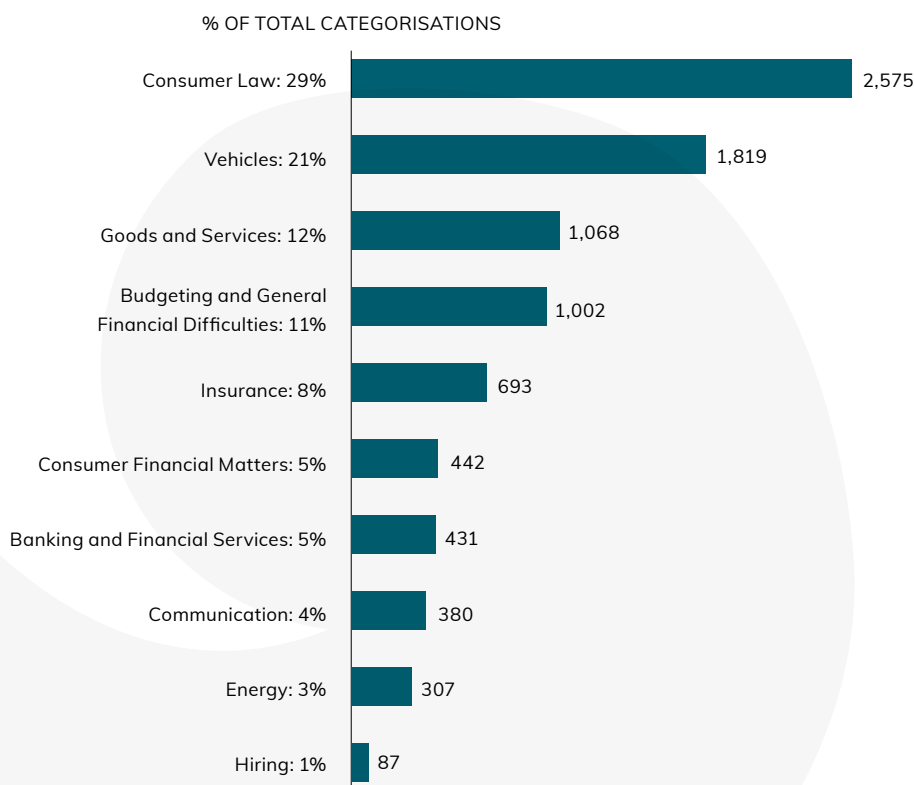
Enquiries to Citizen's Advice Bureau

Between 1 July and 30 September CAB received 8,061 consumer enquiries that were given 8,804 categorisations. Categorisations increased by 42% compared to the previous quarter (but this includes the COVID-19 lockdown period). Sixty-two percent of all assigned enquiry categories 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 1 (assigned 2,575 times), making up 29% of all categorisations (figure 8). The next largest were 'Vehicles' (21%), 'Goods and services' (12%), and 'Budgeting and general financial difficulties' (11%).

Figure 8: CAB enquiry categorisations by aggregated category, Q1 2020/21FY



Base: Total categorisations (n=8,804)

Changes since last quarter

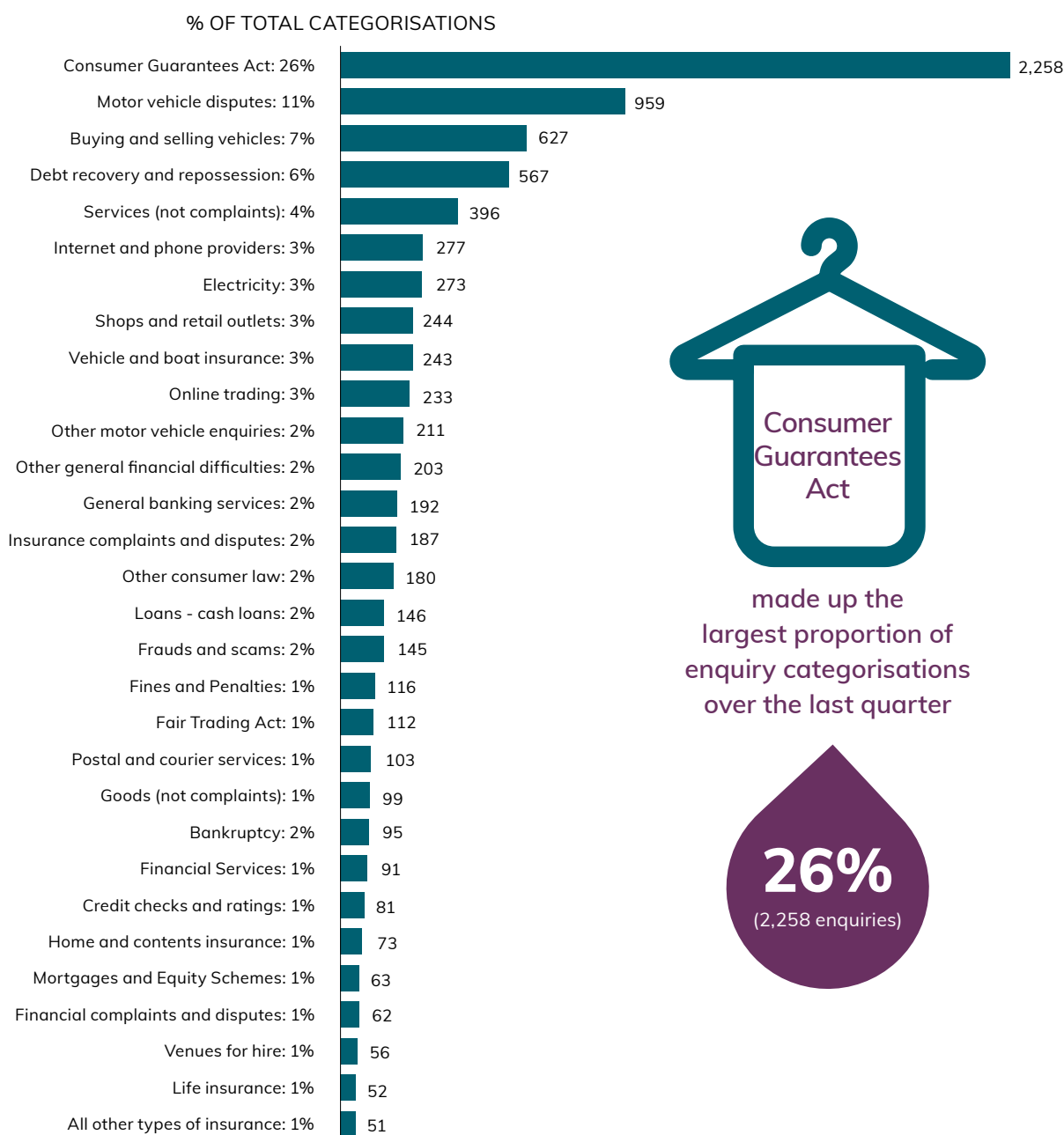
- The total number of categorisations increased by 42% over the last quarter from 5,661 to 8,804 – the previous quarter covered the COVID-19 lockdown period.
- All aggregated categories also experienced increases, 'Insurance', 'Vehicles', and 'Energy' experienced higher than average increases and 'Communication', 'Hiring', and 'Banking and financial services' experienced lower than average increases.



Breakdown by detailed category

Figure 9 shows the detailed categories that consumer enquiries were assigned to in quarter 1. Enquiries categorised as 'Consumer Guarantees Act including complaints about goods and services' made up 26% of all enquiry categorisations (n=2,258), 'Motor vehicle disputes' 11% (n=959), and 'Buying and selling vehicles' 7% (n=627).

Figure 9: CAB enquiry categorisations by detailed category, Q1 2020/21FY



Base: Total categorisations (n=8,804).
Note only categories of 50 or more are shown.

Changes since last quarter

- The largest increases in categorisations were for the most common detailed categories.
- Only a few detailed categories experienced decreases over the last quarter, with 'Postal and courier services' and 'Travel insurance' experiencing the largest decreases (these experienced increases last quarter).



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 total.

Consumer Protection

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