

Consumer Protection Quarterly Report

April – June 2021/22



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Consumer Protection

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Consumer Protection

This is Consumer Protection's quarter four (Q4) report covering data from 1 April – 30 June 2022. 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 in this report.

KEY INSIGHTS FROM THIS QUARTER

Enquiry volumes

8,067 consumer enquiries were received with a little difference in comparison to the last quarter.

Top enquiry sectors/areas

- Motor vehicles sales
- Electronic goods and mobile phones
- Personal products
- Commercial goods and services
- Construction or trade services
- Non-electrical household goods
- Motor vehicle repairs

Notable changes

- Total enquiries to the MBIE service centre decreased by 10% this quarter and are 40% lower than the same period last year.
- As with the third quarter, there were a mix of enquiry increases and decreases this quarter. Enquiries related to commercial goods and services (up 66). The largest decrease is Electronic goods and mobile phones (down 64), Personal products (down 51), and Motor Vehicle sales (down 43).

The issues

- As with the third quarter, enquiries most frequently relate to potential breaches of the Consumer Guarantees Act (CGA)
- The most common issue reported by the MBIE service centre was Fees and charges (hidden/unexpected) 51%.
- Potential Fair-Trading Act (FTA) breaches were most likely to be noted in enquiries related to 'Legal/Accounting/Other Professional Services, Real estate and property Management, Insurance, and Banking, Credit or Finance.
- 'Poor quality or poor workmanship' was most likely to be noted in enquiries related to 'Construction or trade services', 'Motor vehicle repairs' and 'Legal/accounting/other professional services.

Purchase method

- Most enquiries to the MBIE service centre (75%) relate to purchases made through direct sales (either in person or over the phone).
- Online purchases made up 14% of enquiries, higher than the previous quarter (10%).
- Online was more frequently noted as a purchase method for 'Accommodation or travel services' and 'Entertainment' issues as the previous quarter.
- Finance or layby was more frequently noted as a purchase method for 'Motor vehicle sales'

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Total enquiries

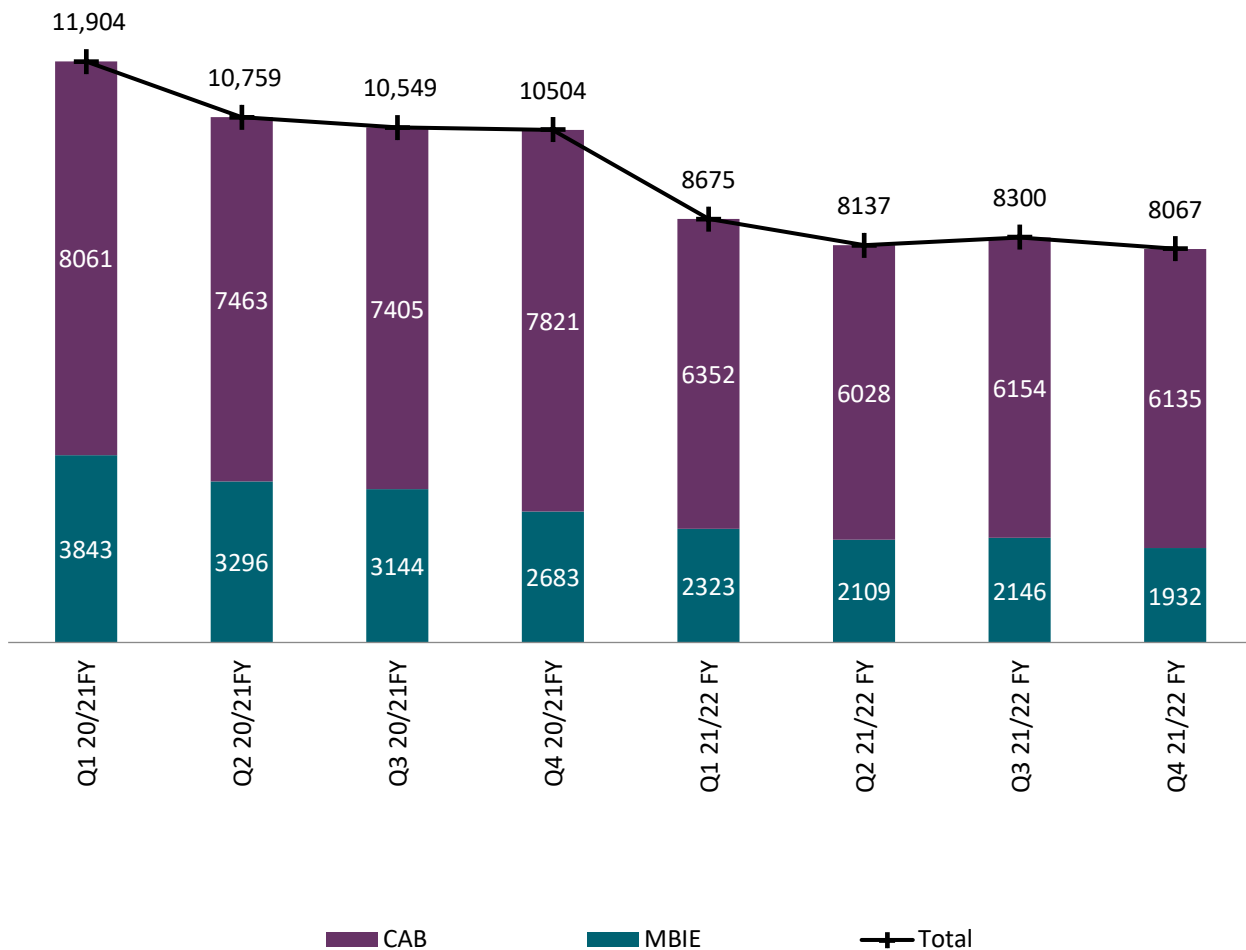
Between 1 April and 30 June 2022, **8,067** consumer enquiries were received by the MBIE service centre and CAB. The number of enquiries is relatively consistent with the previous quarter.

BREAKDOWN BY RECEIVING ORGANISATION

Figure 1 shows the number of enquiries received by each organisation in quarter four. In quarter three, 8,066 enquiries¹ were received; this is relatively consistent with the previous quarter where 8,300 enquiries were received.

Of the enquiries received this quarter 76% of them were through CAB. Compared to quarter four last year, enquiries to both the MBIE service centre and CAB are lower.

Figure 1: Total consumer enquiries received by MBIE service centre and CAB, Q1 2020/21FY to Q4 2021/22FY



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=1).

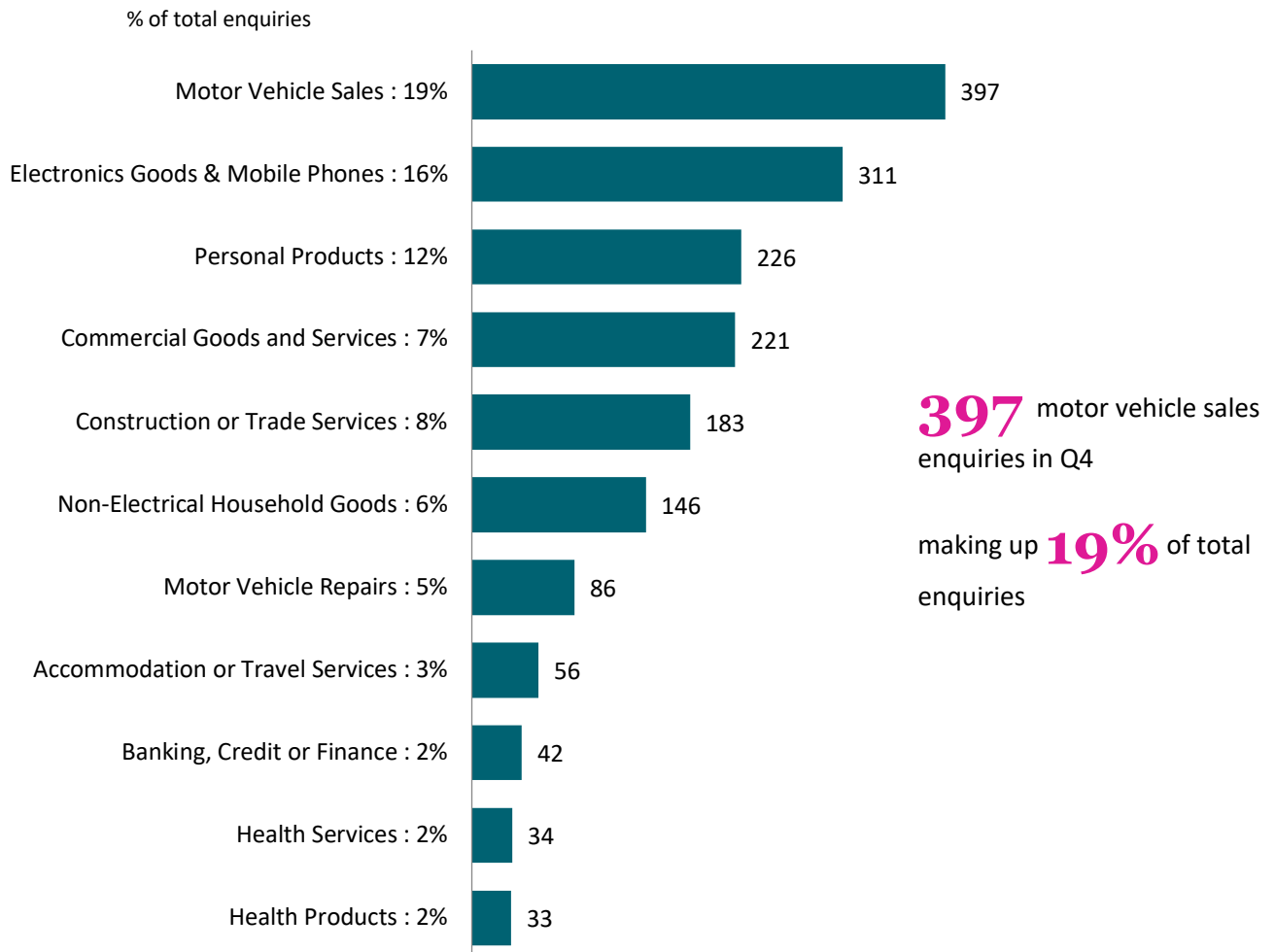
Enquiries to MBIE

Between 1 April and 30 June 2022, the MBIE service centre received 1,932 enquires, a 40% decrease on the previous quarter (2,146). Half (48%) of all enquiries received related to motor vehicle sales, electronics goods and mobile phones, and personal products.

BREAKDOWN BY SECTOR

Figure 2 shows the total number of enquiries received by the MBIE service centre in quarter four based on the categories.

Figure 2: Enquiries by sector, Q4 2021/22FY



Base: Total enquiries (n=1,931)

Note only categories receiving 2% or more enquiries are shown

The next largest categories were electronics goods and mobile phones (16%), personal products (12%), construction or trade services (8%) and commercial goods and services (7%).

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CHANGES SINCE LAST QUARTER

The total number of enquiries to the MBIE service centre decreased slightly this quarter (by 10%) from 2,146 to 1,932.

The top-five sectors remain unchanged this quarter.

Sectors experienced a mix of increases and decreases this quarter.

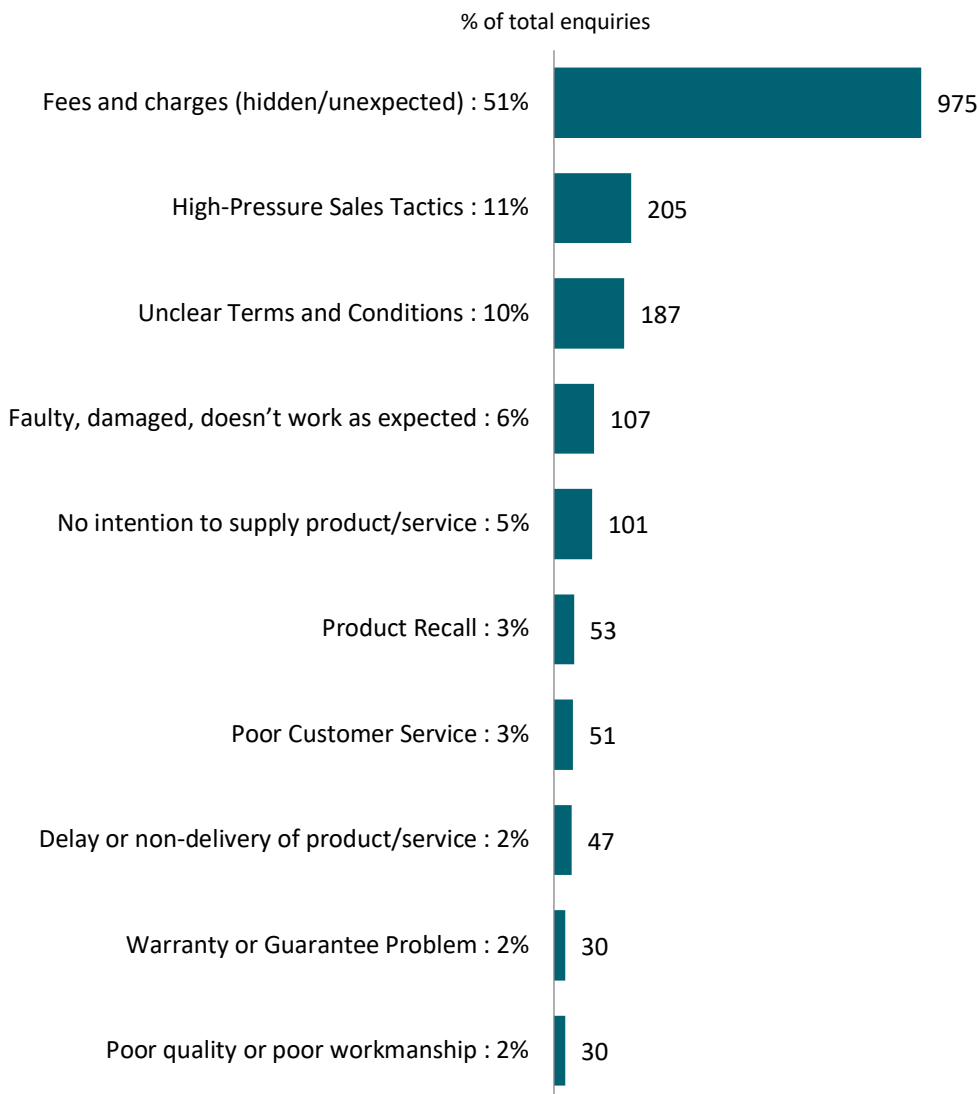
The largest increase in the number of enquiries was for 'Commercial goods and services' (up 66).

The largest decrease in the number of enquiries was for 'Electronic goods and mobile phones' (down 64), Personal products (down 51), and Motor vehicle sales (down 43).

BREAKDOWN BY ISSUE

Enquiries were most likely to relate to potential breaches of the Consumer Guarantees Act (CGA). Fees and charges (hidden/unexpected) are the top issue reported in this quarter (51%) (figure 3). Just over a quarter of enquiries (24%) related to potential breaches of the Fair-Trading Act (FTA), including issues of high-pressure sales tactics and unclear terms and condition.

Figure 3: Enquiry by issue, Q4 2021/22FY



Base: Total enquiries (n=1,931)

Note only issues receiving 2% or more enquiries are shown

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CHANGES SINCE LAST QUARTER

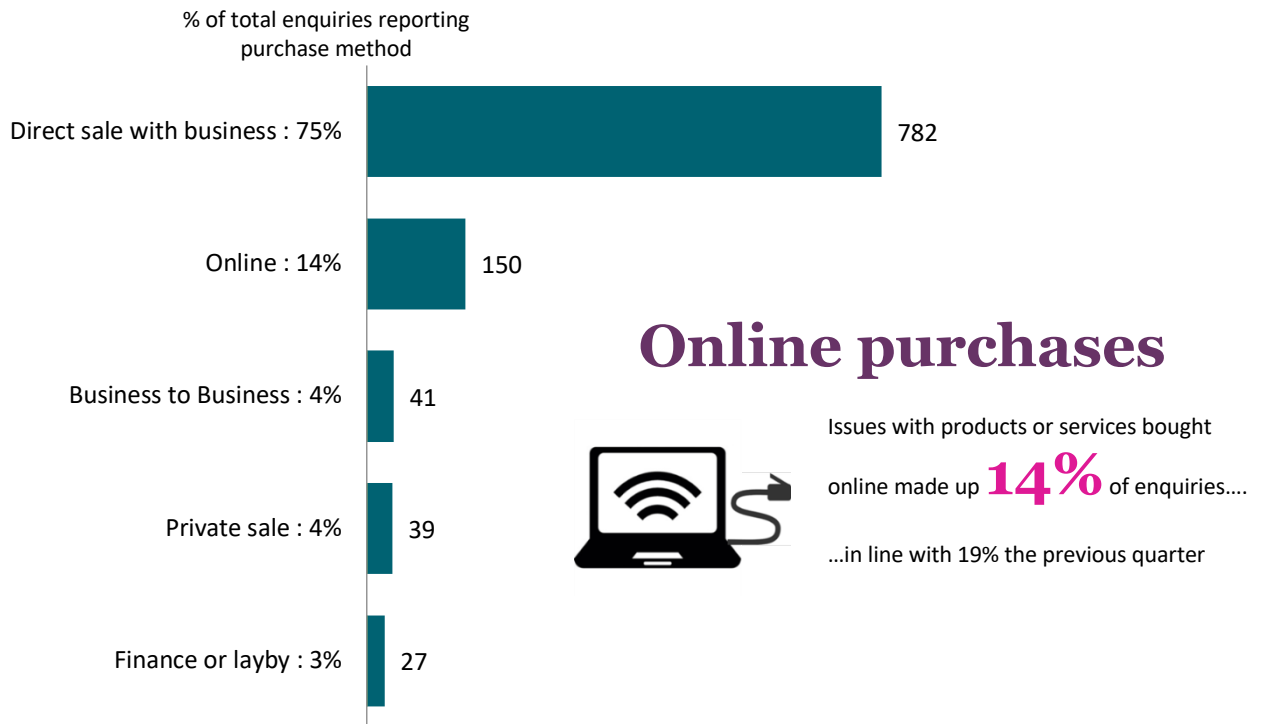
There are some notable changes to the top five issues this quarter.

Usually, 'Faulty, damaged, doesn't work as expected' tops issues, but this quarter that has changed dramatically with only 6% of issues reported. 'Fees and charges (hidden/unexpected)' (up 767), 'High-pressure sales tactics' (up 198), 'Faulty, damaged, doesn't work as expected' (down 989), and 'Delay or non-delivery of products/service' (down 143).

BREAKDOWN BY PURCHASE METHOD

Consumer enquiries spanned all purchase channels,² although the majority (75%) were made in person (including at a shop or calling the business directly).

Figure 4: Enquiry by purchase method, Q4 2021/22FY



Base: Total enquiries reporting purchase method (n=1,045)

Note only purchase methods with 3% or more enquiries are shown

Issues with products/services bought online made up 14% of enquiries, those through private sale and business to business made up 4% each respectively. Finance or laybuy made up 3% and uninvited sales.

CHANGES SINCE LAST QUARTER

The proportion of enquiries relating to the different purchase methods has seen some changes this quarter. Online was 10% in the last quarter, but up to 14% this fourth quarter, business to business was 1% , but up to 4%, and private sale up from 1% to 4% this quarter.

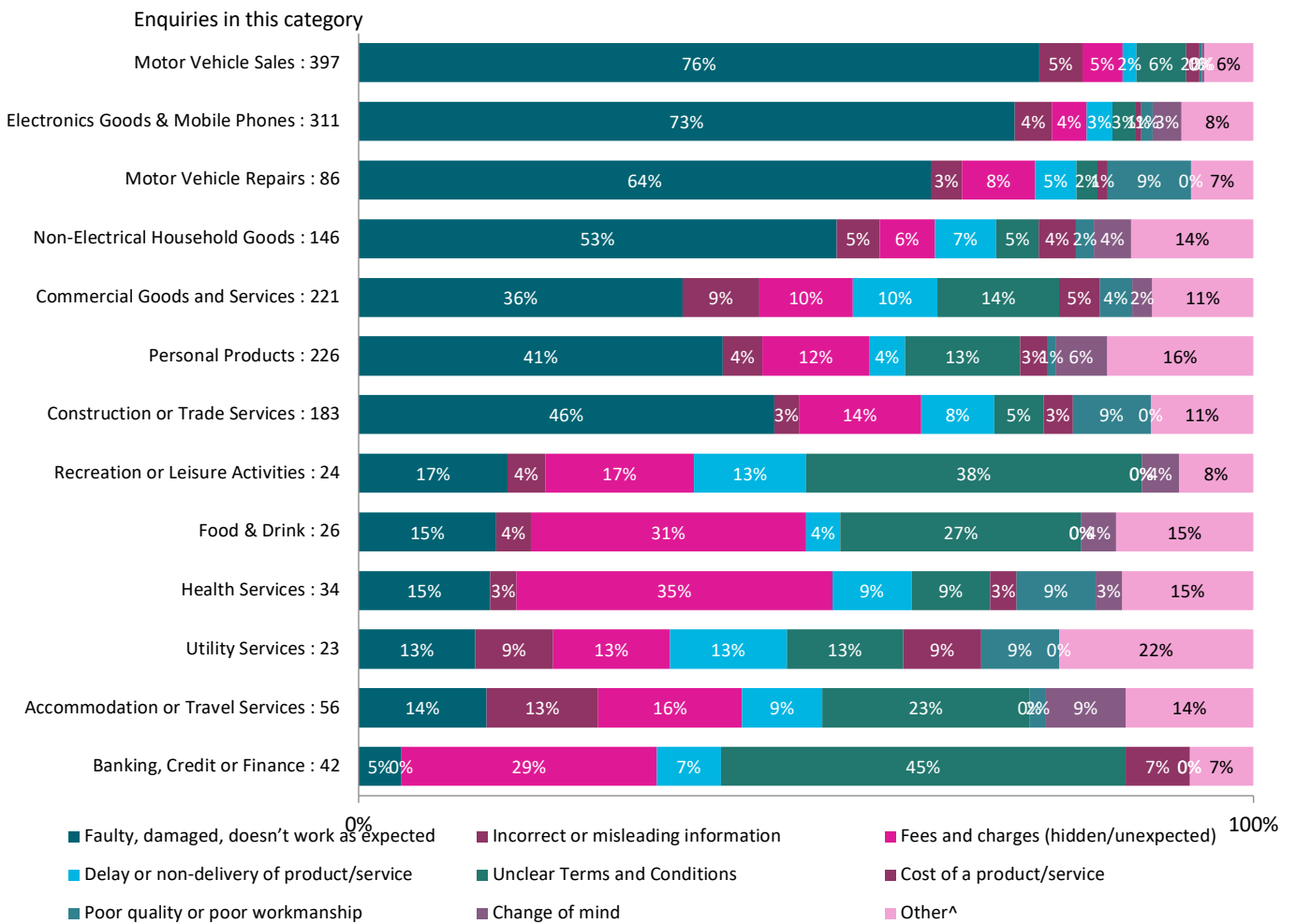
² Note that purchase method is not available for all enquiries received. This information may not have been applicable or may not have been recorded.

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REPORTING BY SECTOR: ISSUE BREAKDOWN

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

Figure 5: Issue breakdown by sector, Q4 2021/22FY



Base: Total enquiries reporting reason for problem (n=1,044)

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

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

- Motor vehicle sales, 76%
- Electronic goods & mobile phones, 73%
- Motor vehicle repairs, 64%.

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

- Legal/Accounting/Other professional service, 78%
- Health products, 77%
- Mobile telecommunication services, 75%.

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

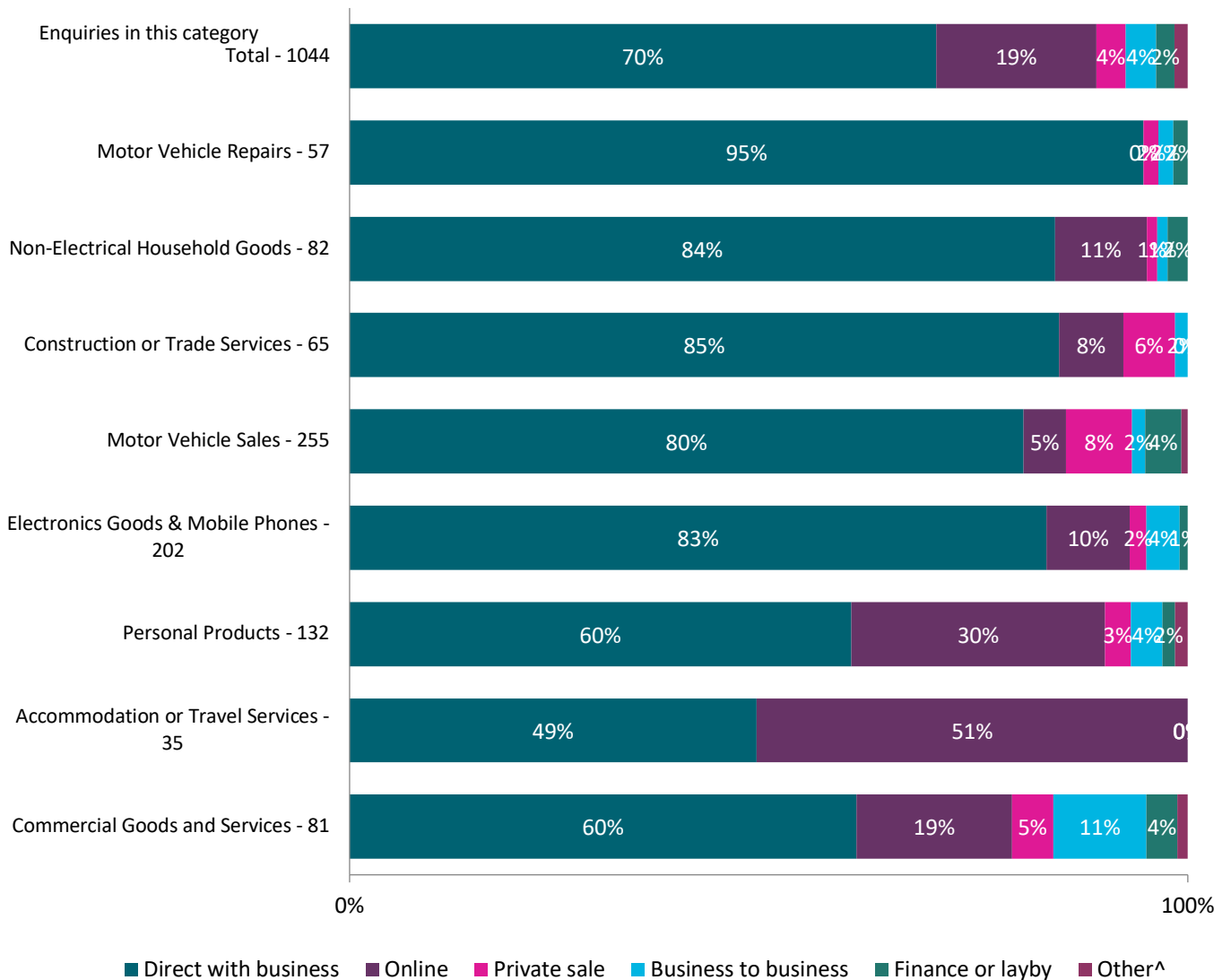
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- Construction or trade services, 9%
- Motor vehicle repairs, 9%.
- Legal/Accounting/Other professional services, 6%

REPORTING BY SECTOR: PURCHASE METHOD BREAKDOWN

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

Figure 6: Purchase method breakdown by sector, Q4 2021/22FY



Base: Total enquiries reporting purchase method (n=1,044)
 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

- Majority of the enquiries across sectors were purchased 'direct with business', except for 'Accommodation or travel services' enquiries where 'online' made up 51% of enquiries.
- Online was more frequently noted as a purchase method for 'Accommodation or travel services' and 'personal products' issues in this quarter.
- Private sale was more frequently noted as a purchase method for 'Motor vehicle sales' issues.
- Finance or layby was more frequently noted as a purchase method for 'Motor vehicle sales'.

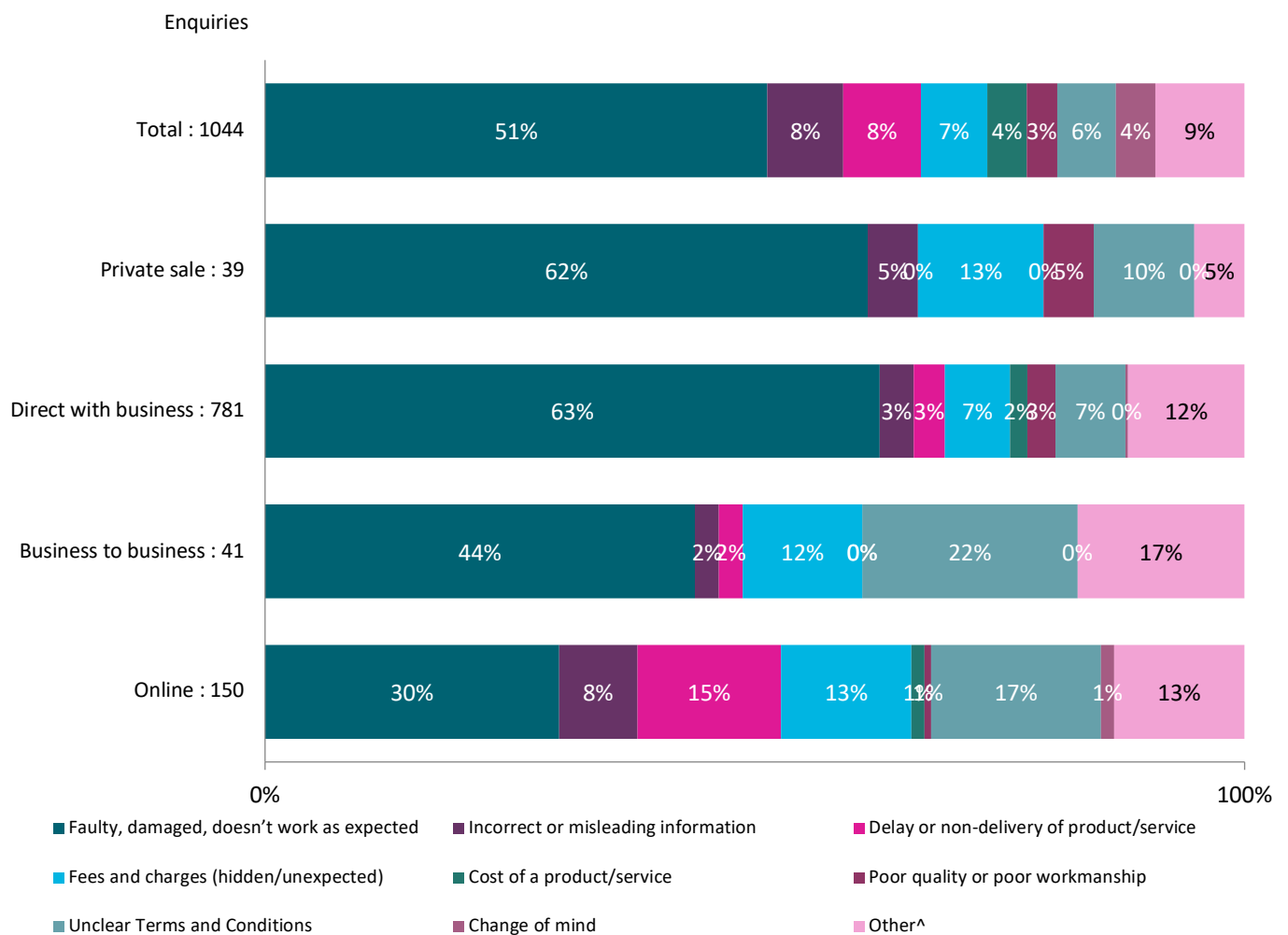
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REPORTING BY PURCHASE METHOD: ISSUE BREAKDOWN

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

- 'Faulty, damaged, doesn't work as expected' is the most common issue for purchases across all methods.
- Online and private sale purchases are more likely than other purchase methods to note experiencing issues of 'Fees and charges (hidden/unexpected)' and 'Unclear terms and conditions' is more closely associated with business-to-business purchases as well as online.
- In consistency with the last quarter, purchases made online have a much broader spread of issues than private sales, with 'Delay or non-delivery', and 'Fees and charges (hidden/unexpected)', being common issues (after 'Faulty, damaged, doesn't work as expected'). The proportion of online purchases noting 'Faulty, damaged, doesn't work as expected' as the issue significantly decreased this quarter (from 40% to 30%).

Figure 7: Issue breakdown by purchase method, Q4 2021/22FY



Base: Total enquiries reporting purchase method (n=1,044)

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

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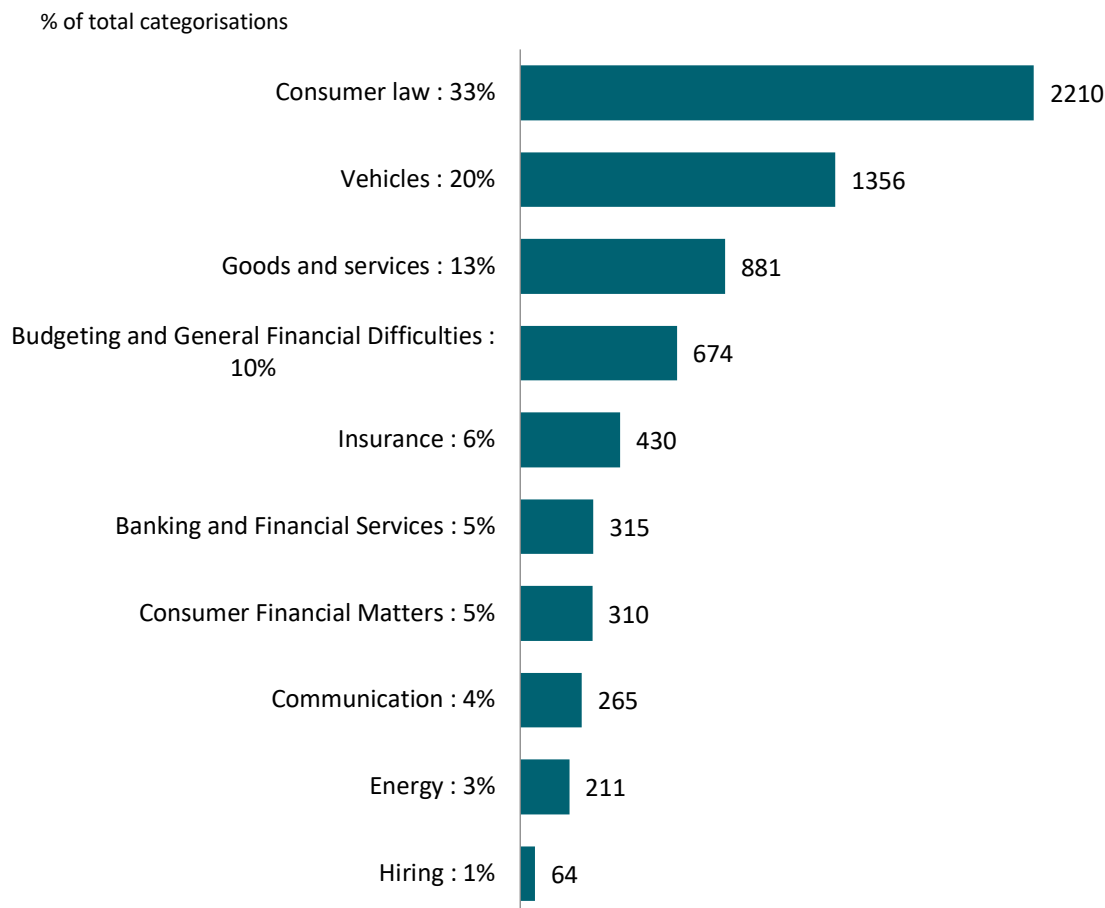
Enquiries to Citizen's

Between 1 April and 30 June 2022, CAB received 6,135 consumer enquiries that relate to 6,716 categorisations. Sixty-six percent of all assigned enquiry categories related to consumer law, vehicles, and goods and services as seen in the last quarter.

BREAKDOWN BY AGGREGATED CATEGORY

There are 52 categories that consumer enquiries to CAB can be assigned, more than one category can be assigned to each consumer enquiry. These are then aggregated into ten different categories. 'Consumer law' was the category assigned to the highest number of enquiries in quarter four (assigned 2,210 times), making up 33% of all categorisations (figure 8). The next largest were 'Vehicles' (20%), 'Goods and services' (13%), and 'Budgeting and general financial difficulties' (10%).

Figure 8: CAB enquiry categorisations by aggregated category, Q4 2021/22FY



Base: Total categorisations (n=6,716)

CHANGES SINCE LAST QUARTER

The total number of categorisations is like the previous quarter.

The 'Energy' aggregated category experienced a 49% increase in the number of categorisations, followed by 'Hiring' 19%, and 'Goods and Services' 15%.

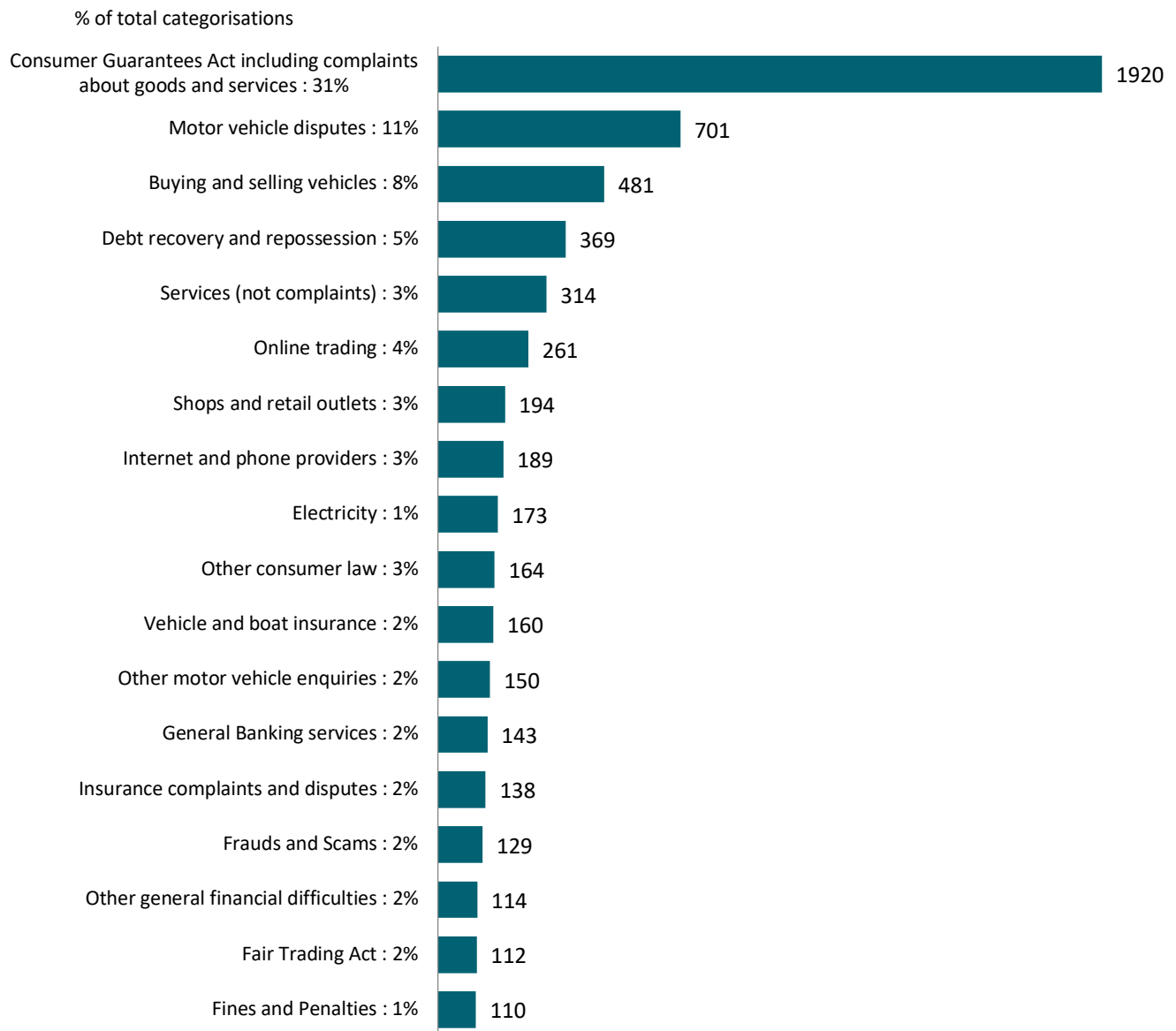
Nearly all other aggregated categories experienced slight increases and decreases this quarter.

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BREAKDOWN BY DETAILED CATEGORY

Figure 9 shows the detailed categories that consumer enquiries were assigned to in quarter four. Enquiries categorised as ‘Consumer Guarantees Act including complaints about goods and services’ made up 31% of all enquiry categorisations (n=1,920), ‘Motor vehicle disputes’ 11% (n=701), and ‘Buying and selling vehicles’ 8% (n=481).

Figure 9: CAB enquiry categorisations by detailed category, Q4 2021/22FY



Base: Total categorisations (n=6,716)

Note only categories of 50 or more are shown

CHANGES SINCE LAST QUARTER

In consistency with the last quarter, there were changes across most detailed categories in this quarter.

‘Services (not complaints)’ experienced an increase in the number of categorisations (up 101), followed by ‘Electricity’ (up 99), and ‘Goods not complaints’ (up 35). ‘Consumer Guarantees Act including complaints about goods and services’ had the highest decrease (down 198).

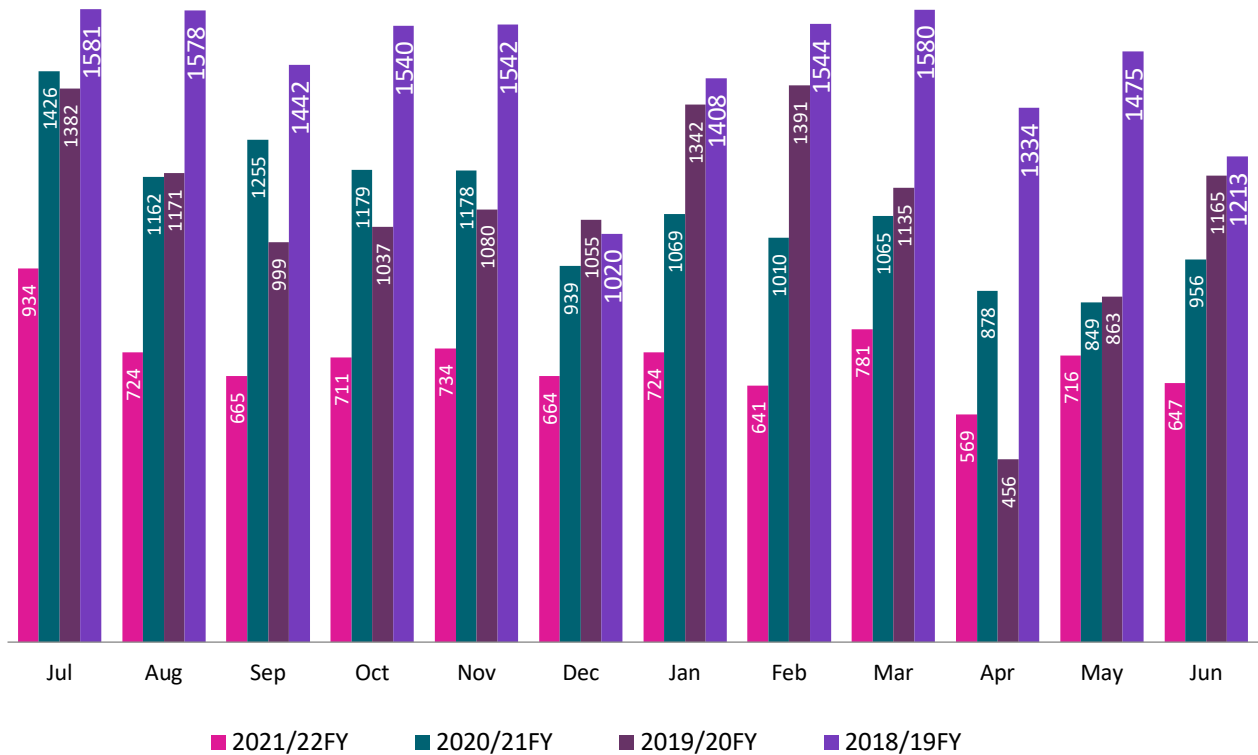
Annual snapshot

In the 2021/22 financial year, MBIE service centre received consumer enquiries, 8,510 showing a 34% decrease in comparison to the previous financial year 12,966. Also, the top enquiries were motor vehicle sales, electronics goods, and mobile phones consistent with last three years.

MBIE SERVICE CENTRE

The figure below shows a breakdown of enquires received by MBIE service centre for the last four financial year. In the year 2019/20 and 2020/21 heralding COVID-19 lockdown, the alert level changes appear to have significant impacts in some months such as March 2020 but appears to be lower than same time in 2018/19FY. Even when it appears COVID-19 may have exacerbated issues and triggered more calls due to more online purchase, this annual snapshot should be interpreted with caution.

Figure 10: Total enquiries by month, by financial year



TOP ENQUIRY CATEGORIES

The categories that had the highest number of enquiries were:

- Motor vehicle sales 1,687 (20%)
- Electronics goods and mobile phone 1,429 (17%)
- Personal products 1,024 (12%)
- Commercial goods and services 824 (10%)
- Construction or trade services 738 (9%)
- Non-electrical household goods 591 (7%)
- Motor vehicle repairs 396 (5%)

In consistency with the previous year, the top six categories remain the same with commercial goods and services moving from number six to four.

'Faulty, damaged, doesn't work as expected' (3,340 enquiries) remains the top issues identified in this year making up 40% of total enquiries; 'Fees and charges hidden/unexpected' (1,692 enquiries) and 'Unclear terms and condition' (663 enquiries).

In the 2021/22 financial year, 15% of all issues noted online as the purchase method showing a decrease of 4% from 19% in the last financial year.

Enquiry and issue growth areas

Overall, all enquiries for this financial year experienced a decrease in comparison to 2020/2021 FY with an average decrease of 34% across all categories:

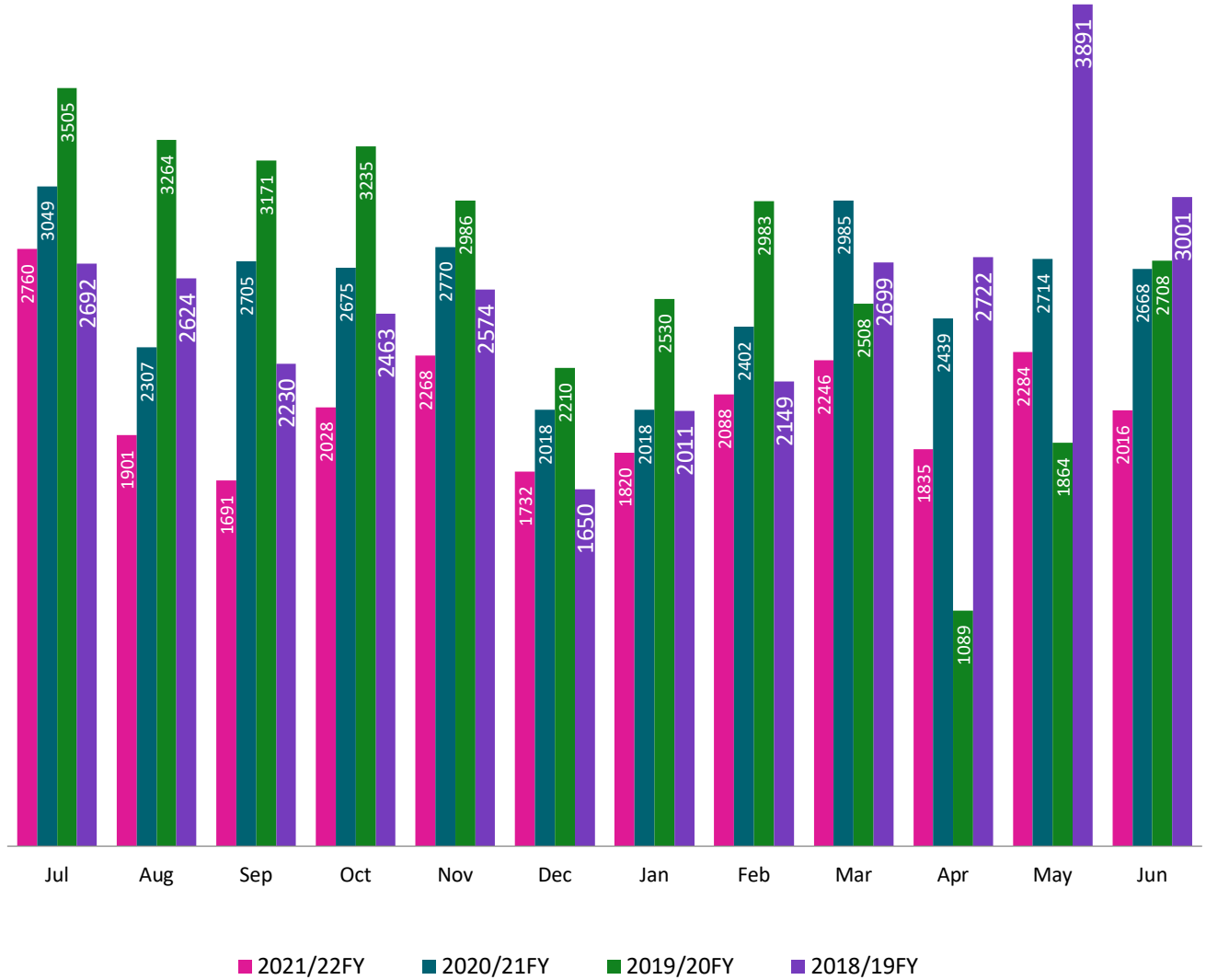
- Real estate and property management (decreased 74%)
- Entertainment (decreased 64%)
- Utility services (decreased 61%)
- Motor vehicle repairs (decreased 56%)
- Banking, credit, or finance (decreased 47%)
- Electronics goods and mobile phones (decreased 44%)
- Insurance (decreased 32%)
- Mobile telecommunication services (decreased 18%)

Overall decrease for this financial year shows that even when the number of enquiries may be high for the current year, the annual change can still be a decrease as seen in 'Personal products'.

CITIZEN'S ADVICE BUREAU (CAB)

In the 2021/22 financial year, CAB received 24,669 consumer enquiries, showing a 18% decrease in comparison to the previous financial year (30,750 enquiries). The figure 11 below shows the lowest monthly enquiry for April in Q4 2019/20FY.

Figure 11: Total enquiries by month, by financial year



TOP ENQUIRY CATEGORIES

For the financial year 2021/2022, the detailed categories with the highest number of enquiries were:

- Consumer Guarantees Acts including complaints about goods and services 7,906 (29%)
- Motor vehicle disputes 2,906 (11%)
- Buying and selling vehicles 2,011 (7%)
- Debt recovery and repossession 1,459 (5%)
- Services (not complaints) 1,112 (4%)

In consistency with the last financial year, these top five areas make up the highest detailed categorisation for this financial year 2021/2022.

ENQUIRY GROWTH AREAS

Overall, all enquiries experienced a decrease,

- Lay-buy (increased 381%)
- Travel insurance (decreased 64%)
- Receivership (decreased 57%)
- Dealing with business affairs (decreased 48%)
- Life insurance (decreased 36%)
- Equipment for hire (decreased 33%)
- Food standards/safety/labelling (decreased 32%)
- Gas (decreased 32%)
- Financial services (decreased 28%)
- Commerce commission (decreased 26%)

Overall, the CAB annual data for this financial year shows a high decrease, in enquiries made and this has been attributed to reduced face to face meetings as result of alert level changes in New Zealand due to COVID-19 lock downs.

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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