

**Consumer
Protection**

Consumer Protection Quarterly Report

July – September 2018/19



MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

New Zealand Government

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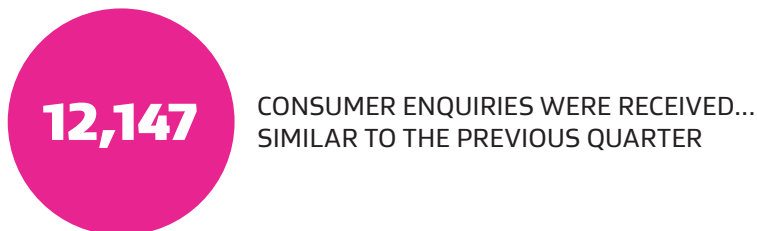
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Executive summary

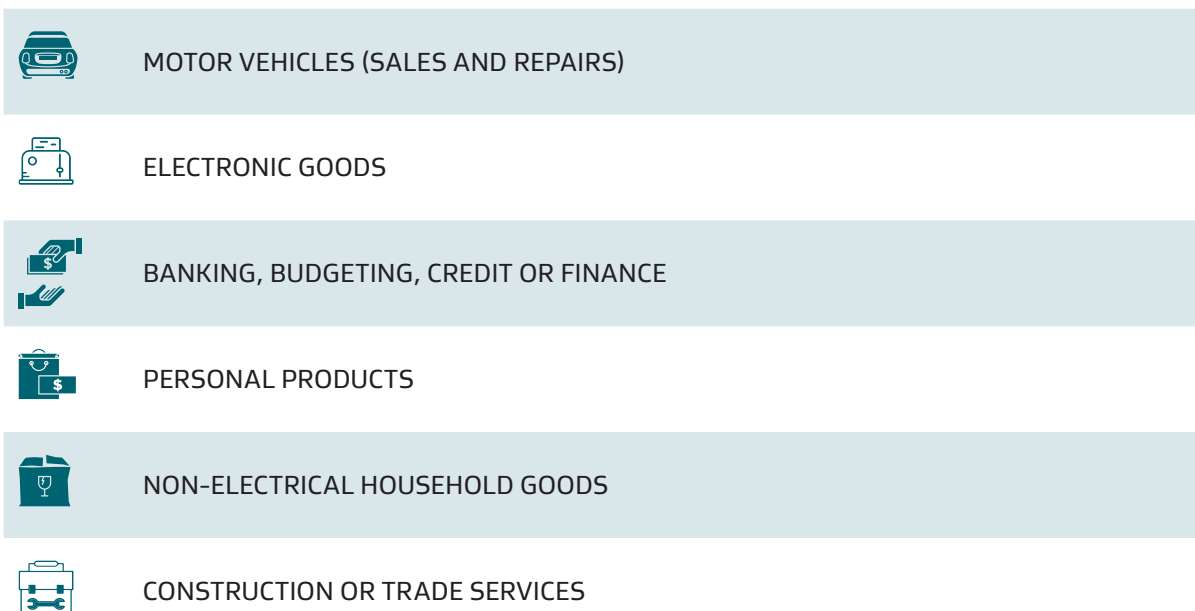
This is Consumer Protection's quarter one (Q1) report covering data from 1 July – 30 September 2018. The report presents information on the issues that consumers contacted the MBIE service centre about, and any change from the previous quarter. Consumer enquiries reported to the Citizen's Advice Bureau (CAB) are also presented.

Key insights from this quarter

Enquiry volumes



Top enquiry sectors/areas



Notable changes

- Increases were observed in the area of 'utility services' for the MBIE service centre and 'Electricity' for CAB

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 49% of enquiries received by the MBIE service centre
- ▶ Potential FTA breaches were most likely to be noted in enquiries related to 'Banking, credit or finance'
- ▶ 'Poor quality or poor workmanship' was most likely to be noted in enquiries related to 'Construction or trade services'
- ▶ Enquiries noting 'unclear terms and conditions' as issues increased again this quarter, follow steady increases over the 2017/18 financial year
- ▶ Enquiries noting issues of 'incorrect or misleading information' saw the largest decrease in enquiries

Purchase method

- ▶ The majority of enquiries to the MBIE service centre (70%) relate to purchases made through direct sales (either in person or over the phone)
- ▶ Online purchases made up 18% of enquiries, an increase from 14% the previous quarter
- ▶ Hidden or unexpected fees and charges were most frequently noted as issues for purchases made through finance or layby



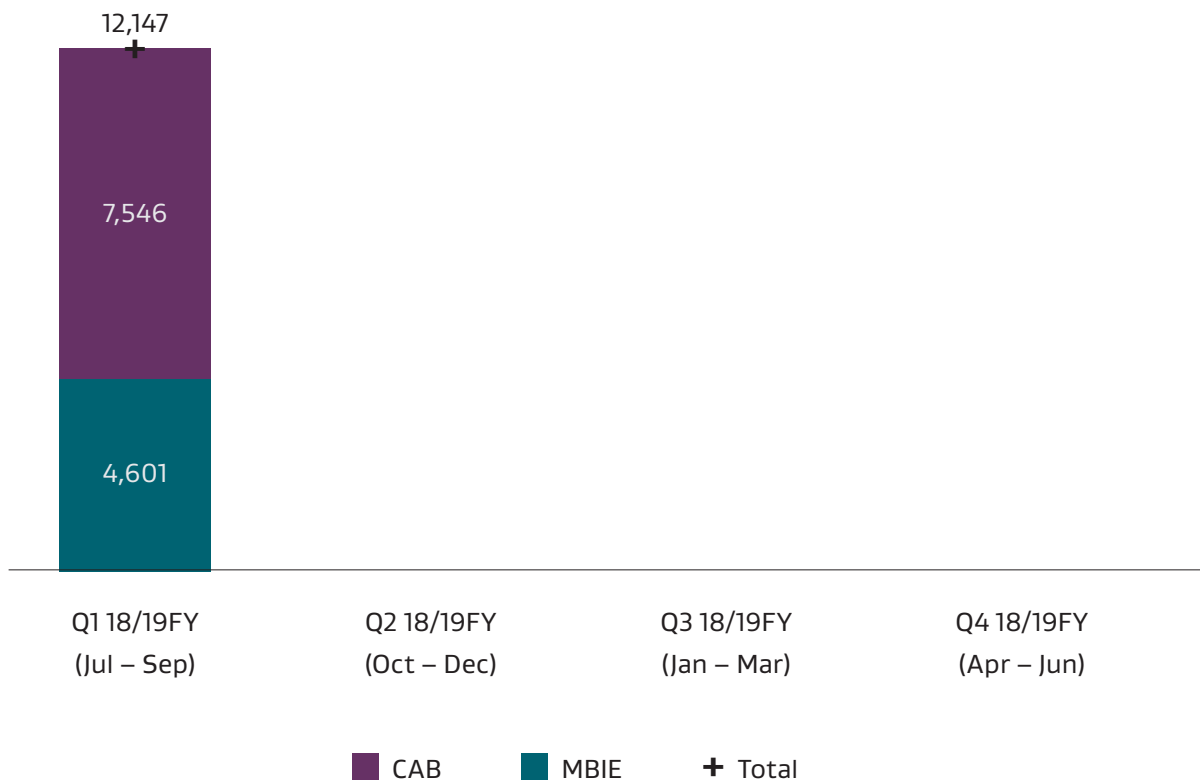
Total enquiries

Between 1 July and 30 September, **12,147** consumer enquiries were received by the MBIE service centre and CAB, similar to the previous quarter which saw 12,089 enquiries.

Breakdown by receiving organisation

Figure 1 shows the number of enquiries received by each organisation in quarter 1. Total consumer enquiries were similar to the previous quarter which saw 12,089 enquiries. CAB received 62% of enquiries and MBIE service centre 38%.

Figure 1: Total consumer enquiries received by MBIE service centre and CAB, Q1 2018/19FY



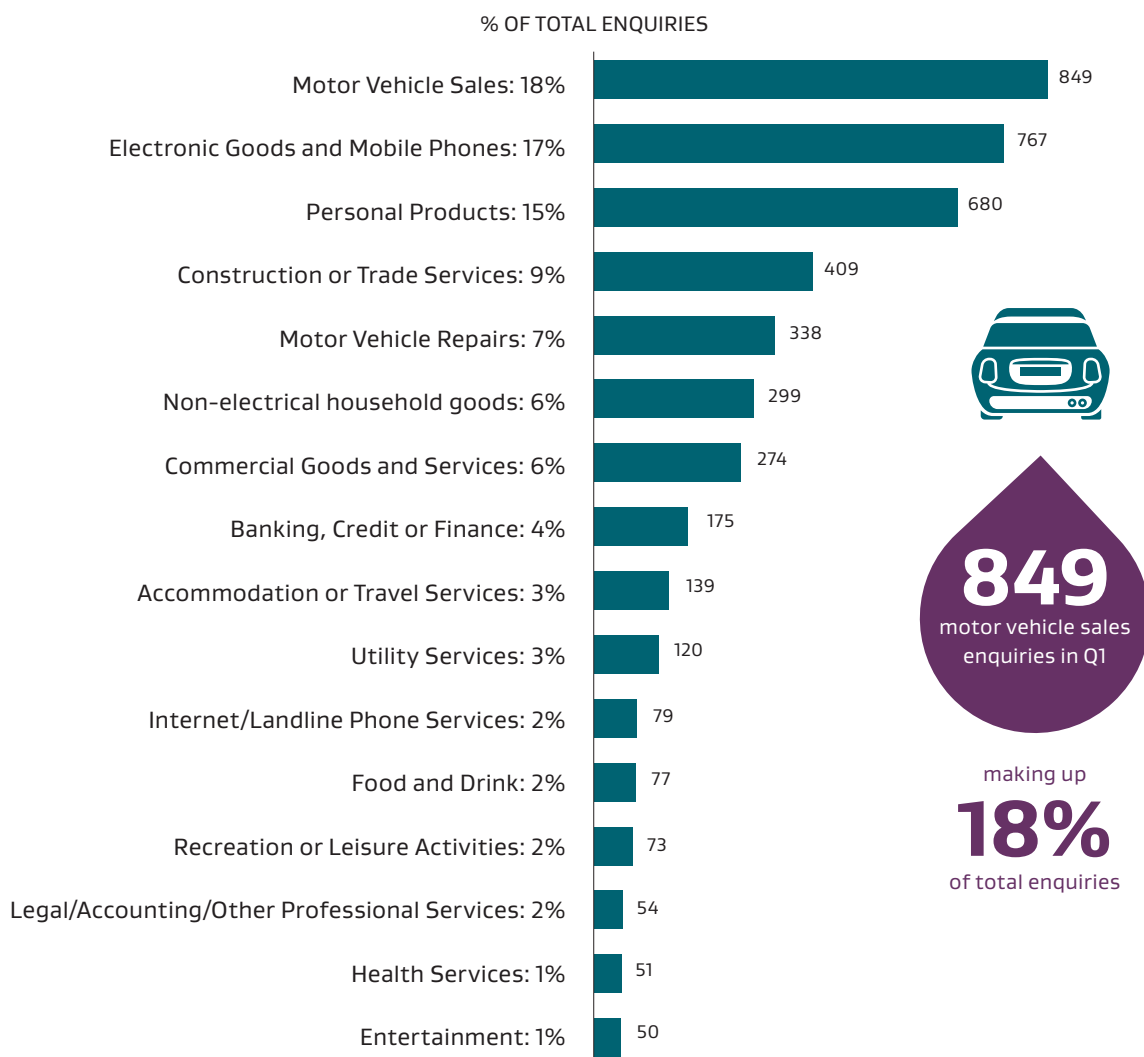
Enquires to MBIE service centre

Between 1 July and 30 September, the MBIE service centre received 4,601 enquires, a 5% increase on the previous quarter (4,366). Half (50%) of all enquiries received related to motor vehicle sales, electronic goods, and personal products. Personal products, motor vehicle repairs, and utility services experienced the largest increases in the number of enquiries compared to the previous 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 too.

Figure 2: Enquiries by sector, Q1 2018/19FY



Base: Total enquiries (n=4,601)

Note only categories receiving 50 or more enquiries are shown

The next largest categories were electronic goods & mobile phones (17%), personal products (15%), construction or trade services (9%), and motor vehicle repairs (7%).

Businesses frequently mentioned over the last quarter include:

- ▶ Noel Leeming
- ▶ Harvey Norman
- ▶ Spark
- ▶ Vodafone
- ▶ The Warehouse
- ▶ 2CheapCars
- ▶ Smith City
- ▶ Turners
- ▶ 2Degrees
- ▶ Michael Hill

Changes since last quarter

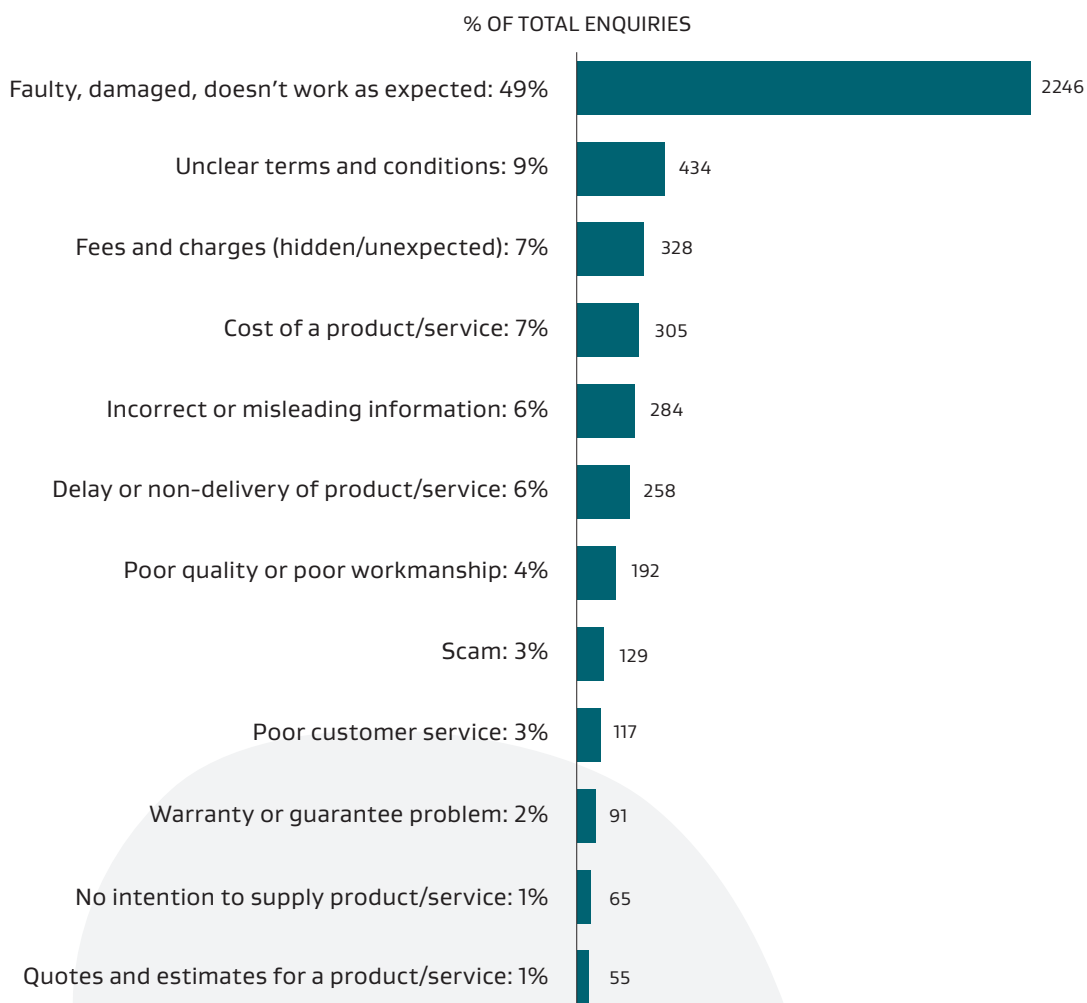
- The total number of enquiries to the MBIE service centre increased by 5% over the last quarter from 4,366 to 4,601.
- 'Motor vehicle repair' enquiries moved into the top five enquiry areas and 'non-electrical household goods' moved out.
- Of the top five areas 'motor vehicle sales' enquiries decreased (by 9%, 84 enquiries), all others increased with 'personal products' (by 25%, 137 enquiries) and 'motor vehicle repairs' (by 34%, 85 enquiries) experiencing the largest increases.
- 'Non-electrical household goods' experienced the largest decrease receiving 90 fewer enquiries, corresponding to a 23% decrease.
- 'Utility services' enquiries increased by 43 up to 120 enquiries (an increase of 56%).



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 49% of all enquiries (figure 3). Around a quarter of enquiries (24%) relate 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 2018/19FY



Base: Total enquiries (n=4,601)

Note only issues receiving 50 or more enquiries are shown

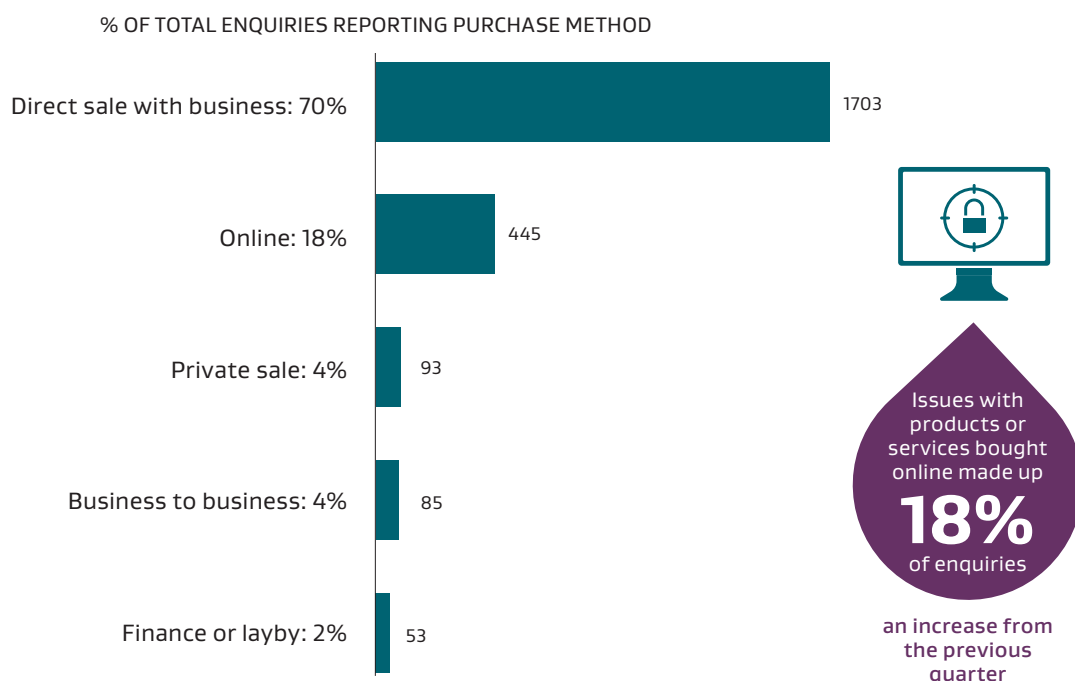
Changes since last quarter

- The top two issues both increased over the last quarter - 'faulty, damaged, doesn't work as expected' increased by 217 enquiries (11%) and 'unclear terms and conditions' increased by 95 enquiries (28%).
- 'Incorrect or misleading information' experienced the largest decrease in the number of enquiries (down 123 enquiries), resulting in a 30% decrease compared to the previous quarter.

Breakdown by purchase method

Consumer enquiries spanned all purchase channels¹, although the majority (70%) was made in person (including at a shop or calling the business directly).

Figure 4: Enquiry by purchase method, Q1 2018/19FY



Base: Total enquiries reporting purchase method (n=2,421)

Note only purchase methods receiving 50 or more enquiries are shown

Issues with products/services bought online made up 18% of enquiries, those through private sales or business to business made up 4% each, and those made through finance agreement or layby made up 2%. Uninvited sales (meaning from telemarketers or door-to-door salespeople) only made up 1%.

Changes since last quarter

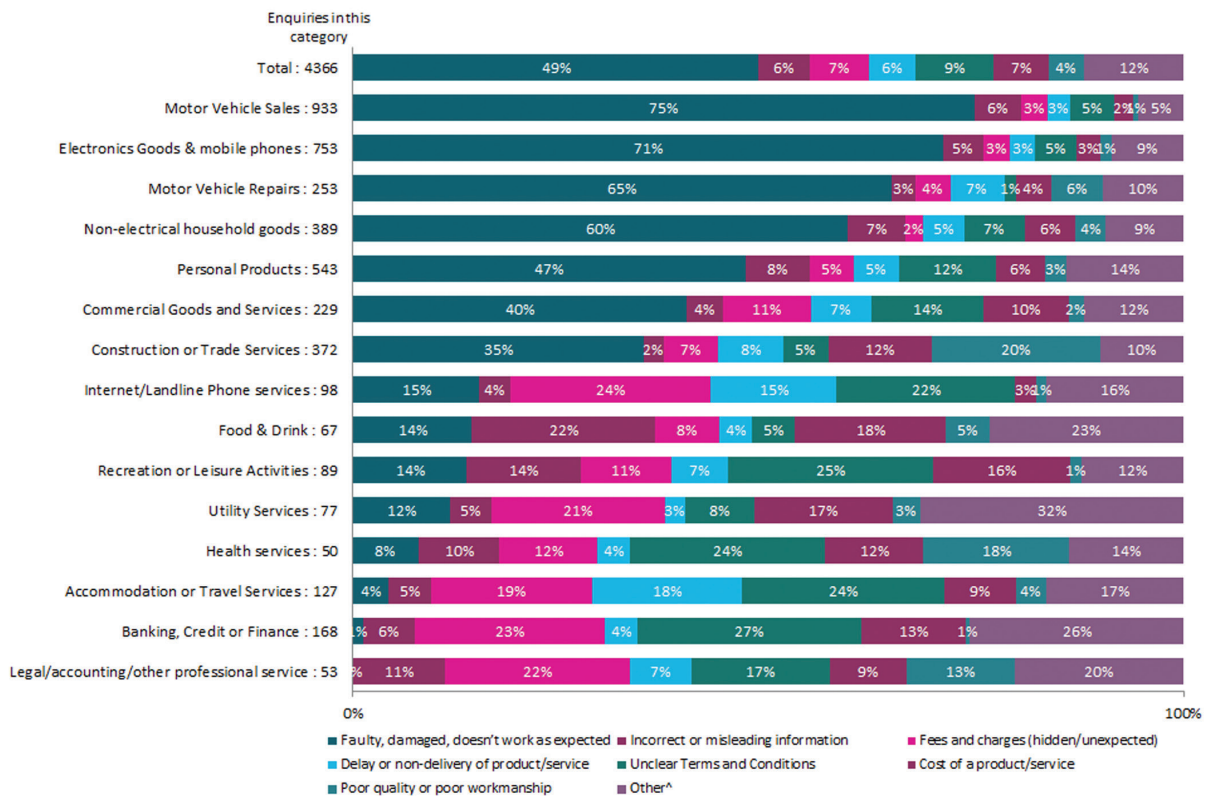
- The number of enquiries relating to issues bought direct with the business decreased by 9% (down 123 enquiries)
- All other purchase methods experienced increases, with online purchases increasing 26% (up 92 enquiries) and private sales increasing 29% (up 21 enquiries)

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 1.

Figure 5: Issue breakdown by sector, Q1 2018/19FY



Base: Total enquiries reporting reason for problem (n=4,366)

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, 75%
- ▶ Electronic goods & mobile phones, 71%
- ▶ Motor vehicle repairs, 65%

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, 58%
- ▶ Legal/accounting/other professional service, 54%
- ▶ Accommodation or travel services, 51%
- ▶ Recreation or leisure activities, 51%

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

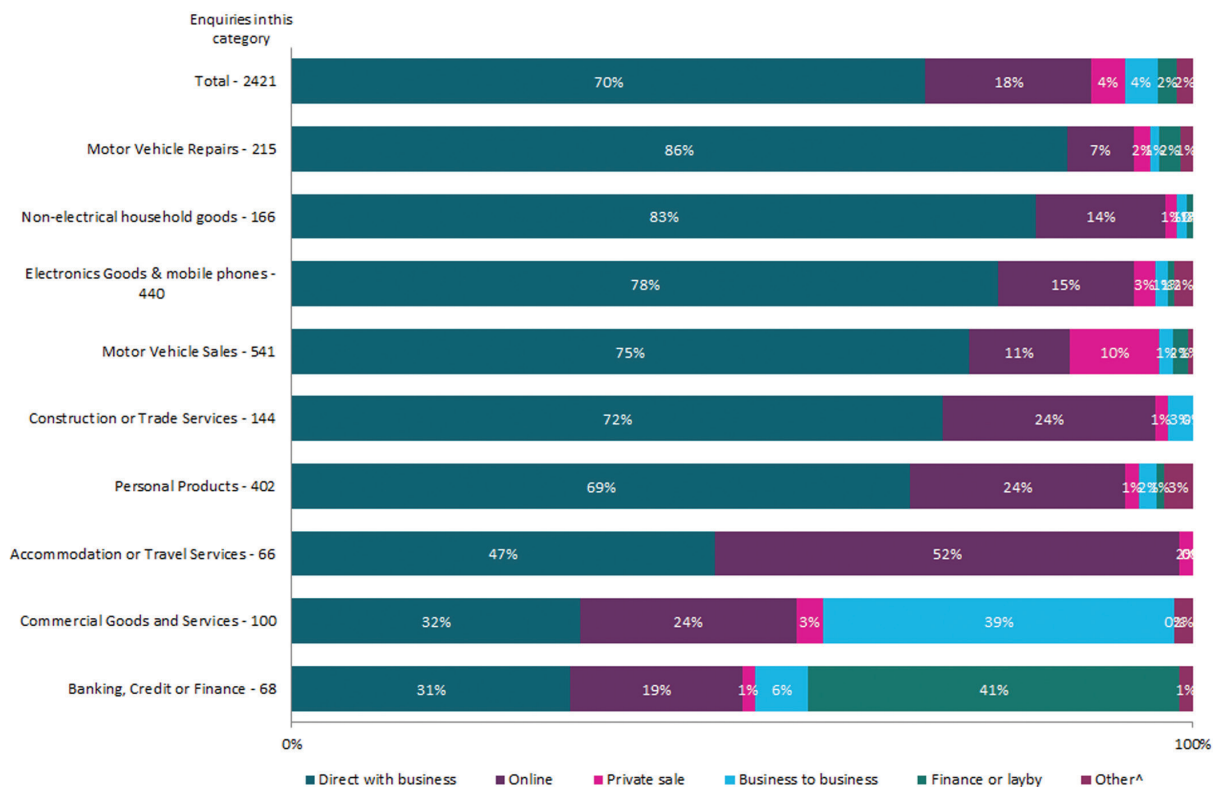
- ▶ Construction or trade services, 20%
- ▶ Health services, 18%
- ▶ Legal/accounting/other professional service, 13%



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 2018/19FY



Base: Total enquiries reporting purchase method (n=2,421)

Note only categories receiving 50 or more enquiries are shown

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

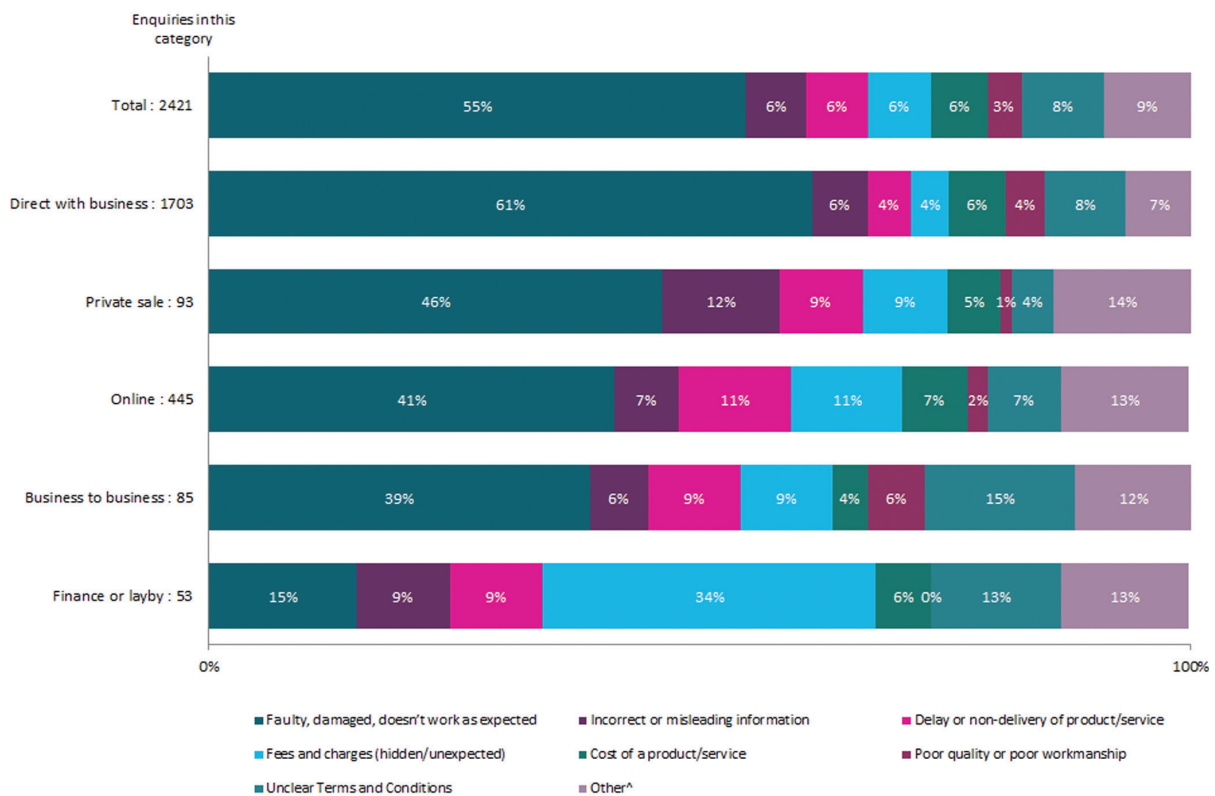
- ▶ The majority of enquiries across sectors were purchased 'direct with business'.
- ▶ Online was more frequently noted as a purchase method for Accommodation or travel services issues
- ▶ Private sale was more frequently noted as a purchase method for motor vehicle sales issues
- ▶ Finance or layby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

Reporting by purchase method: Issue breakdown

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

- ▶ 'Faulty, damaged, doesn't work as expected' is most common issue for purchases across all methods except finance and layby
- ▶ Hidden or unexpected fees and charges were most frequently noted as issues for purchases made through finance or layby

Figure 7: Issue breakdown by purchase method, Q1 2018/19FY



Base: Total enquiries reporting purchase method (n=2,421)

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

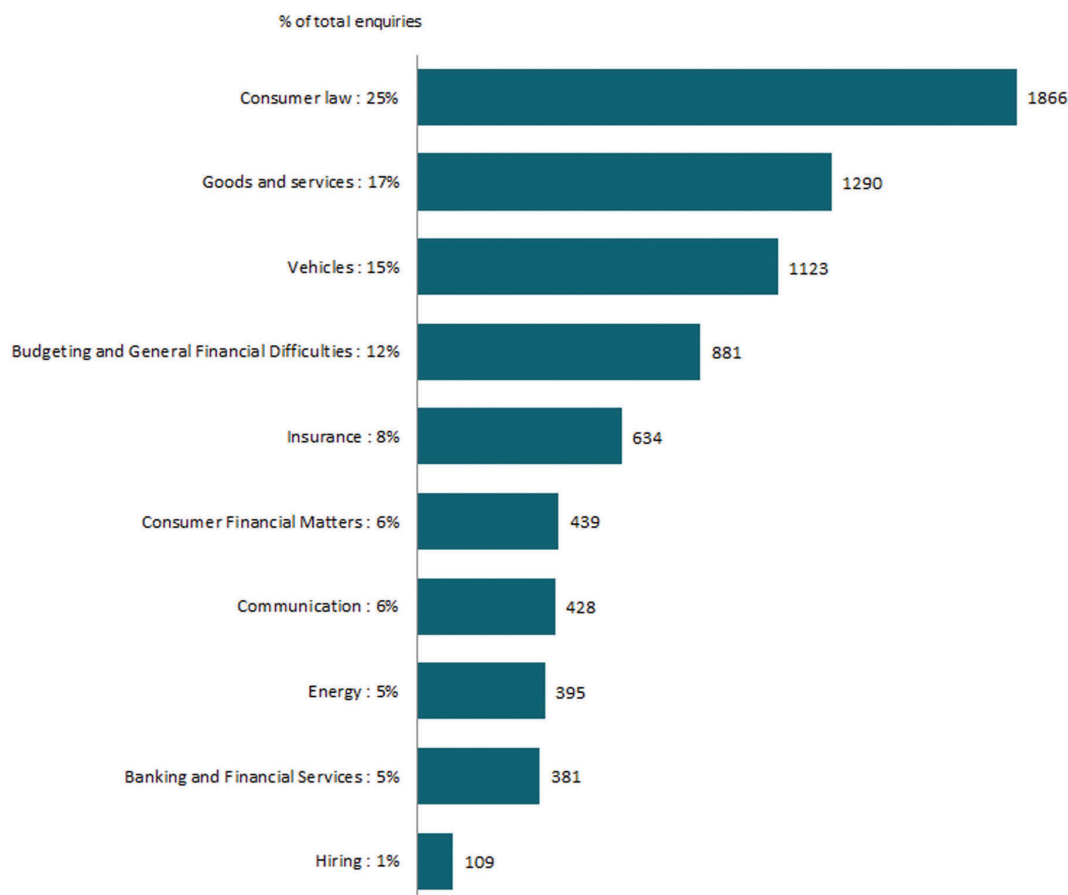
Enquiries to Citizen's Advice Bureau

Between 1 July and 30 September CAB received 7,546 standard enquiries a decrease of 2% compared to the previous quarter (7,723). Fifty-seven percent of the standard enquiries related to consumer law, goods and services, and vehicles. Motor vehicle disputes enquiries decreased and Electricity enquiries increased over the last quarter.

Breakdown by aggregated category

There are 49 categories that consumer enquiries to CAB can be assigned. These are then aggregated up into ten different categories. Enquiries relating to consumer law received the highest number of enquiries (n=1,866) in quarter 1, making up 25% of all enquiries (figure 8). The next largest categories were goods and services (17%), vehicles (15%), and budgeting and general financial difficulties (12%).

Figure 8: CAB enquiries by aggregated category, Q1 2018/19FY



Base: Total standard enquiries (n=7,546)



Changes since last quarter

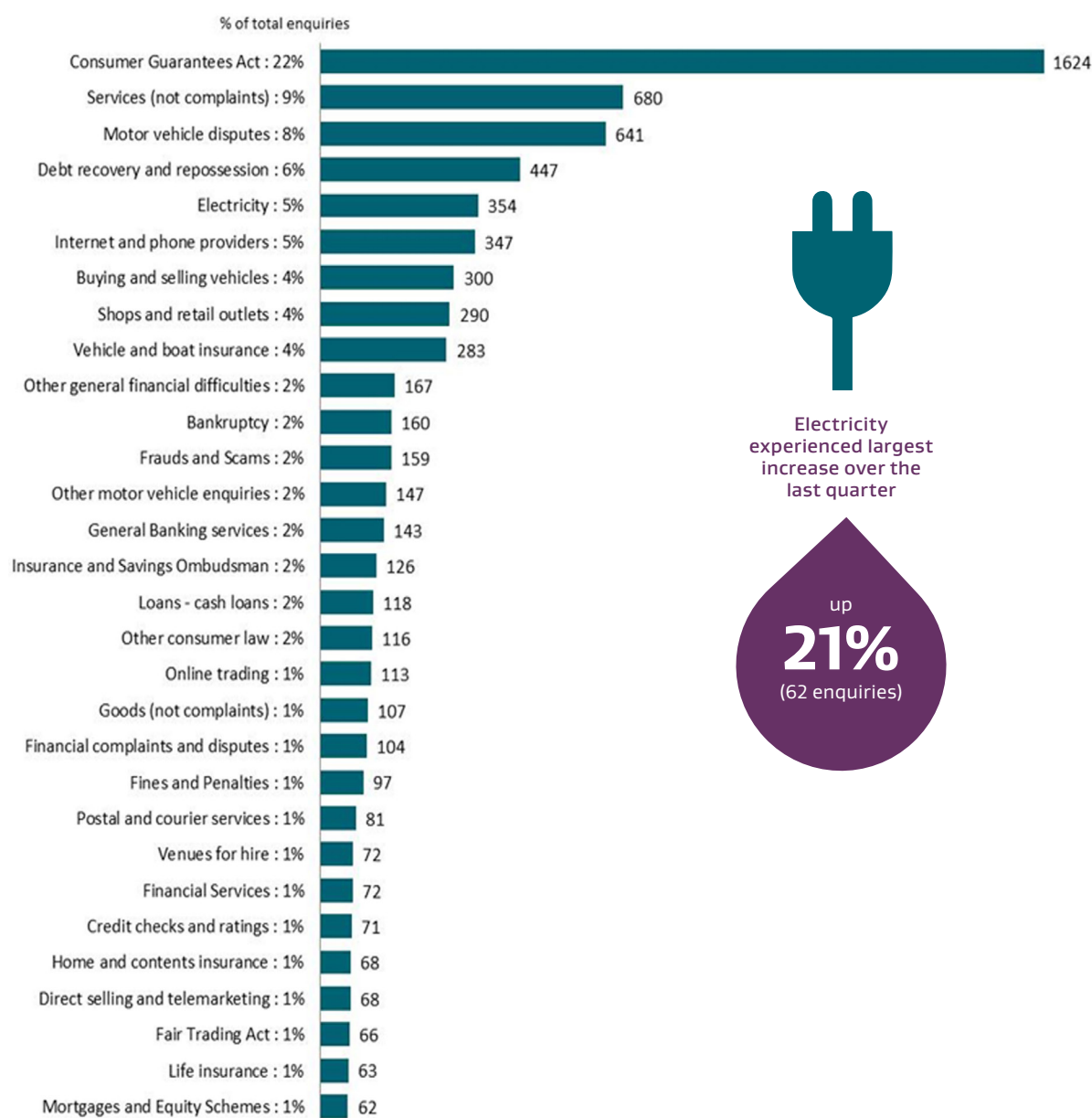
- The total number of enquiries to CAB decreased by 2% over the last quarter from 7,723 to 7,546
- 'Energy' was the only category that experienced an increase in enquiries (up 18%, 60 enquiries)
- 'Consumer financial matters' and 'communication' experienced the largest decreases (down 14% (72 fewer enquiries) and 10% (48 fewer enquiries) respectively)

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 22% of all enquiries (n=1,624), services (not complaints) 9% (n=680), and motor vehicle disputes 8% (n=641).



Figure 9: CAB enquiries by detailed category, Q1 2018/19FY



Electricity experienced largest increase over the last quarter

up **21%** (62 enquiries)

Base: Total standard enquiries (n=7,546)
 Note only categories that received 50 or more enquiries are shown

Changes since last quarter

- Only a few detailed categories experienced increases over the last quarter
- 'Electricity' saw the largest increase in enquiries, up 62 from 292 to 354 (21%)
- 'Insurance and Savings Ombudsman' enquiries and financial complaints experienced the next largest increases (up 33 and 25 enquiries respectively)
- The largest decrease in enquiries related to 'motor vehicle disputes' which decreased by 69 enquiries (10%)



About this report

The purpose of this report is to provide the Consumer Protection Team, our Internal Consumer Fora partners, the Consumer Protection 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 CAB² 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.

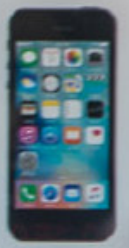
Enquiries to CAB can also be made by anyone and these can be made in person, by telephone or by email.

² Only data relating to Standard enquiries (where staff discuss the enquiry with the client and provide information and options for them, and provide assistance and support for them to follow-up on their options (if necessary)) is analysed in this report.



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