

**Consumer
Protection**

Consumer Protection Quarterly Report

October – December 2018/19



MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

[New Zealand Government](https://www.govt.nz/)

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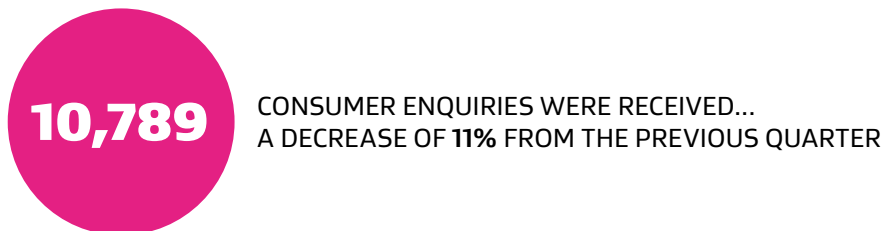
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Executive summary

This is Consumer Protection's quarter two (Q2) report covering data from 1 October – 31 December 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



PERSONAL PRODUCTS



MOTOR VEHICLES (SALES AND REPAIRS)



ELECTRONIC GOODS



BANKING, BUDGETING, CREDIT OR FINANCE



CONSTRUCTION OR TRADE SERVICES



NON-ELECTRICAL HOUSEHOLD GOODS

Notable changes

- ▶ Increases were observed in the area of 'personal products' and 'motor vehicle repairs' for the MBIE service centre and 'debt recovery and repossession' for CAB
- ▶ 'Personal products' and 'motor vehicle repairs' enquiries have steadily increased over the last three quarters; and although much lower in numbers 'real estate and property management' enquiries have also steadily increased over this time
- ▶ Motor vehicle sale enquiries remain high but are showing signs of decreasing

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 54% 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' and 'internet/landline phone services'
- ▶ '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 experienced the largest decrease this quarter

Purchase method

- ▶ The majority of enquiries to the MBIE service centre (69%) relate to purchases made through direct sales (either in person or over the phone)
- ▶ Online purchases made up 21% of enquiries, an increase from 18% and 14% in the two previous quarters respectively. CAB also experienced an increase in online trading enquiries this quarter



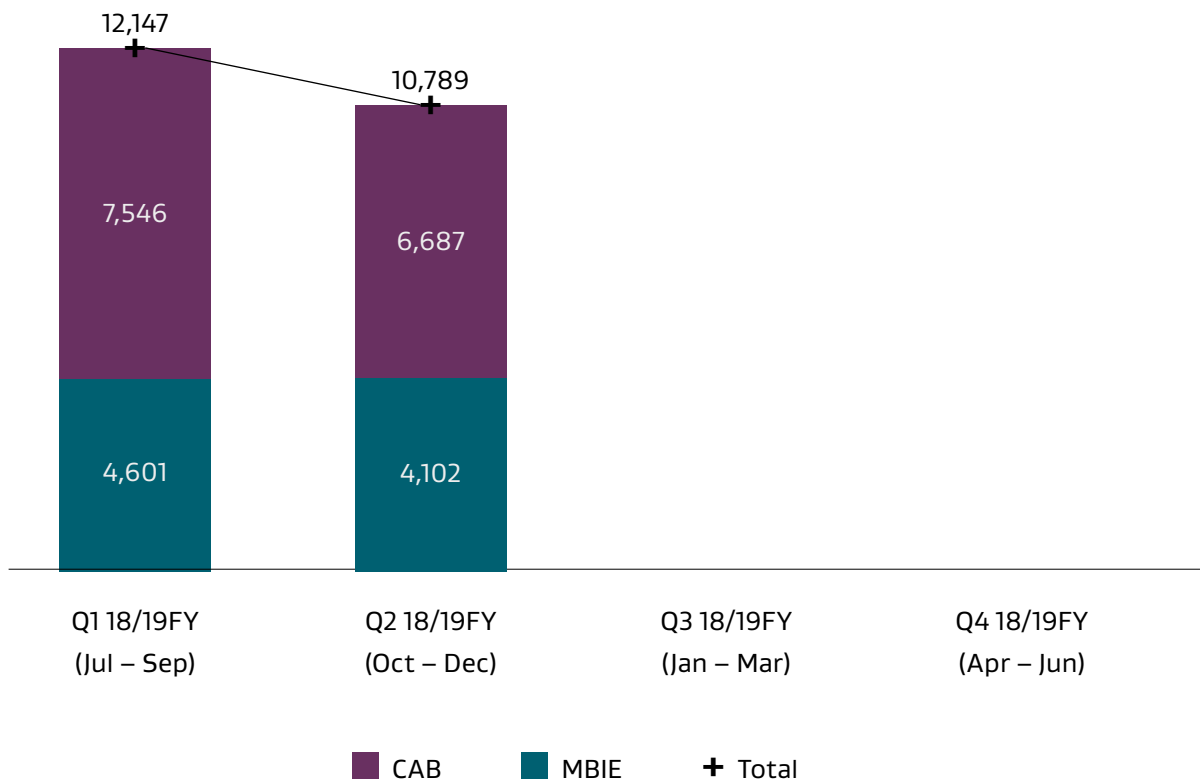
Total enquiries

Between 1 October and 31 December **10,789** consumer enquiries were received by the MBIE service centre and CAB, a decrease of 11% from the previous quarter which saw 12,147 enquiries.

Breakdown by receiving organisation

Figure 1 shows the number of enquiries received by each organisation in quarter 2. Total consumer enquiries were lower than the previous quarter which saw 12,147 enquiries; this decrease was expected due to the holiday period. CAB received 62% of enquiries and MBIE service centre 38%.

Figure 1: Total consumer enquiries received by MBIE service centre and CAB, Q2 2018/19FY



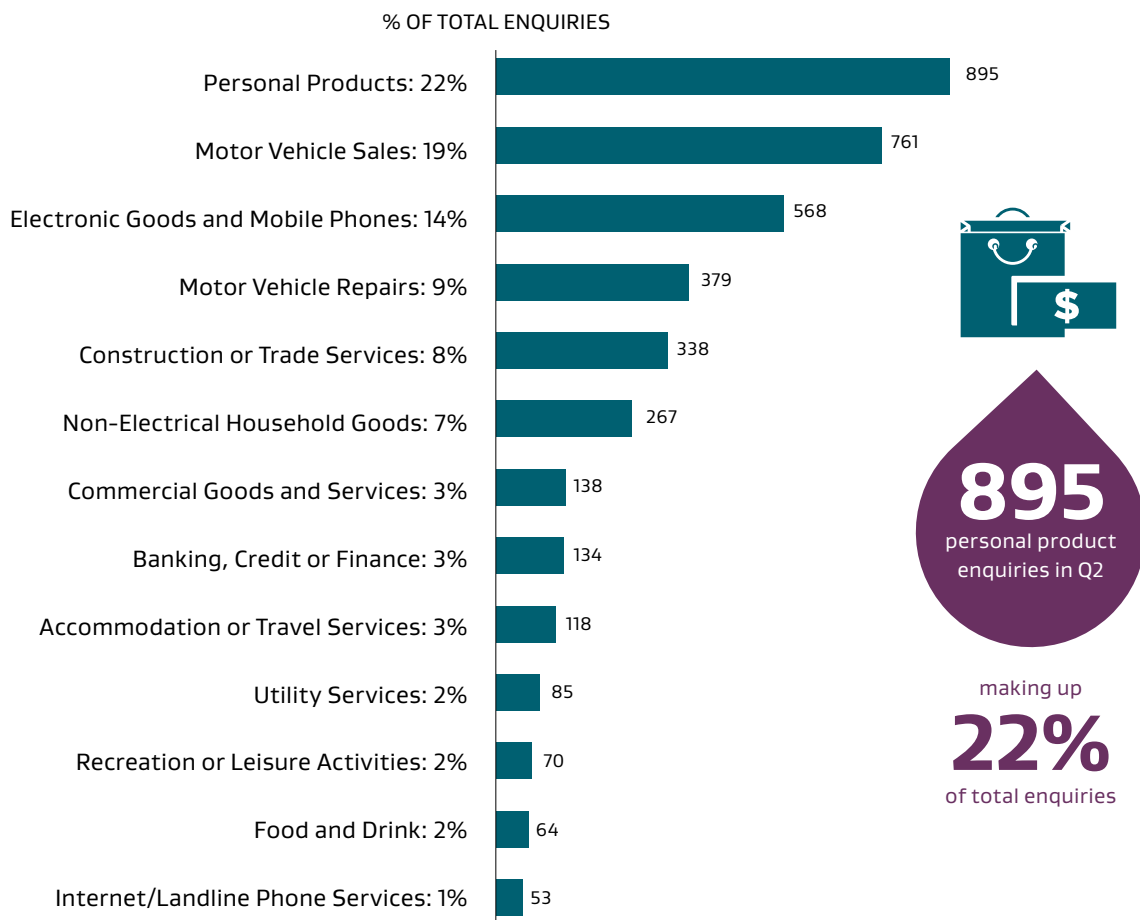
Enquires to MBIE service centre

Between 1 October and 31 December, the MBIE service centre received 4,102 enquires, an 11% decrease on the previous quarter (4,601). Just over half (54%) of all enquiries received related to personal products, motor vehicle sales, and electronic goods. Despite an overall decrease in enquiries, the categories 'personal products', 'motor vehicle repairs', and 'real estate and property management' saw 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 2 by the sector the enquiry relates to.

Figure 2: Enquiries by sector, Q2 2018/19FY



Base: Total enquiries (n=4,102)

Note only categories receiving 50 or more enquiries are shown

The next largest categories were motor vehicle sales (19%), electronic goods & mobile phones (14%), motor vehicle repairs (9%), construction or trade services (8%), and non-electrical household goods (7%).

Businesses frequently mentioned over the last quarter include:

- ▶ Noel Leeming
- ▶ Harvey Norman
- ▶ Spark
- ▶ Vodafone
- ▶ Farmers
- ▶ Smith City
- ▶ Turners
- ▶ Bunnings
- ▶ PB Tech
- ▶ 2CheapCars
- ▶ Big Save Furniture
- ▶ Pearce Brothers

Changes since last quarter

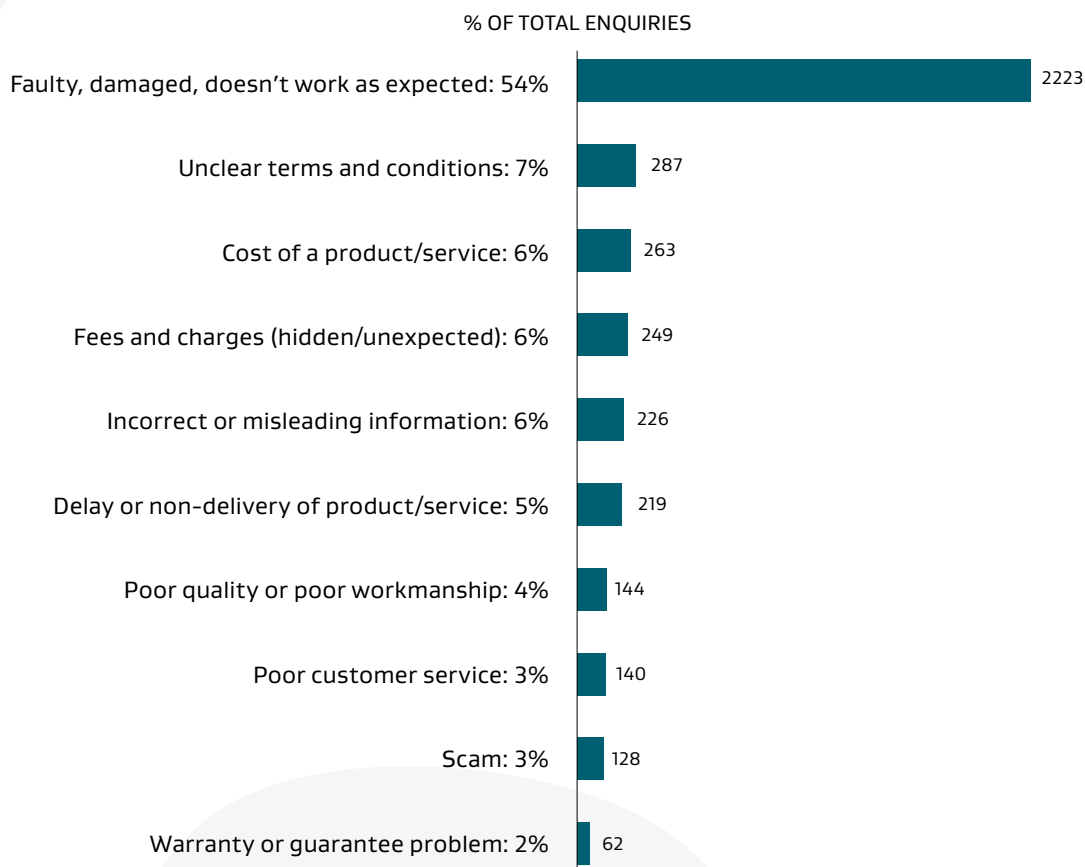
- The total number of enquiries to the MBIE service centre decreased by 11% over the last quarter from 4,601 to 4,102.
- The top five sectors remain unchanged.
- Of the top five sectors only 'personal products' and 'motor vehicle repairs' experienced an increase in enquiries.
- The only other sector to experience an increase was 'real estate and property management' (an increase of 47%, 15 more enquiries).



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 54% of all enquiries (figure 3). A fifth of enquiries (20%) 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 2018/19FY



Base: Total enquiries (n=4,102)

Note only issues receiving 50 or more enquiries are shown

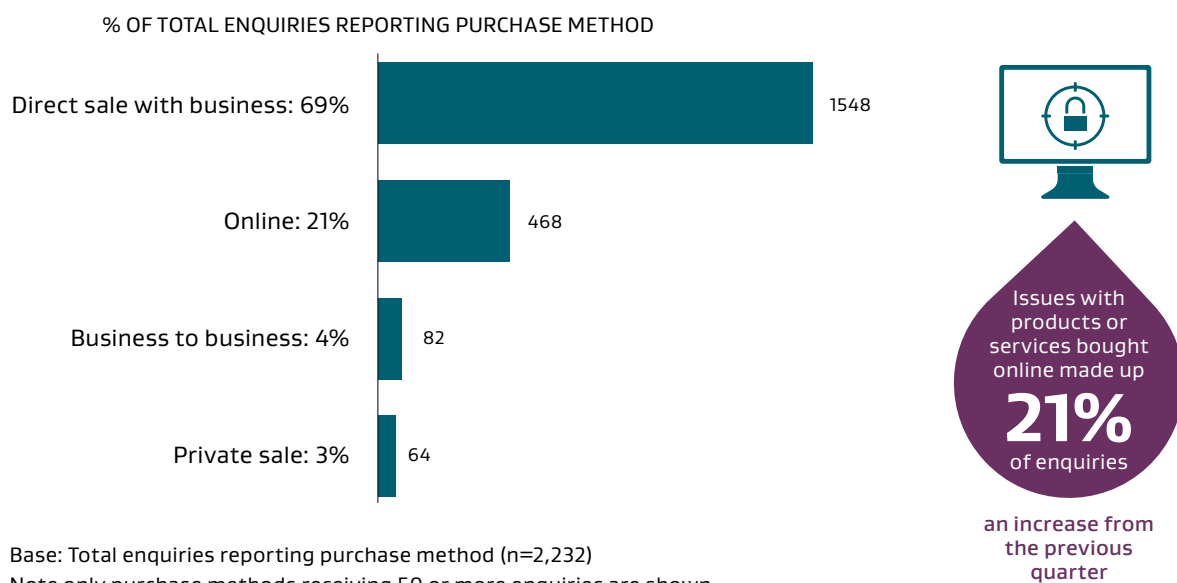
Changes since last quarter

- The top five issues remained unchanged but 'faulty, damaged, doesn't work as expected' made up a higher proportion of enquiries this quarter (from 49% to 54%).
- There was a slight increase in enquiries related to poor customer service, from 117 to 140 enquiries.
- 'Unclear terms and conditions' experienced the largest decrease in the number of enquiries (down 147 enquiries), resulting in a 34% decrease compared to the previous quarter.

Breakdown by purchase method

Consumer enquiries spanned all purchase channels¹, although the majority (69%) was made in person (including at a shop or calling the business directly).

Figure 4: Enquiry by purchase method, Q2 2018/19FY



Issues with products/services bought online made up 21% of enquiries, those through business to business made up 4%, and private sales 3%. Finance agreement or layby made up 2% and those made through uninvited sales (meaning from telemarketers or door-to-door salespeople) only made up 1%.

Changes since last quarter

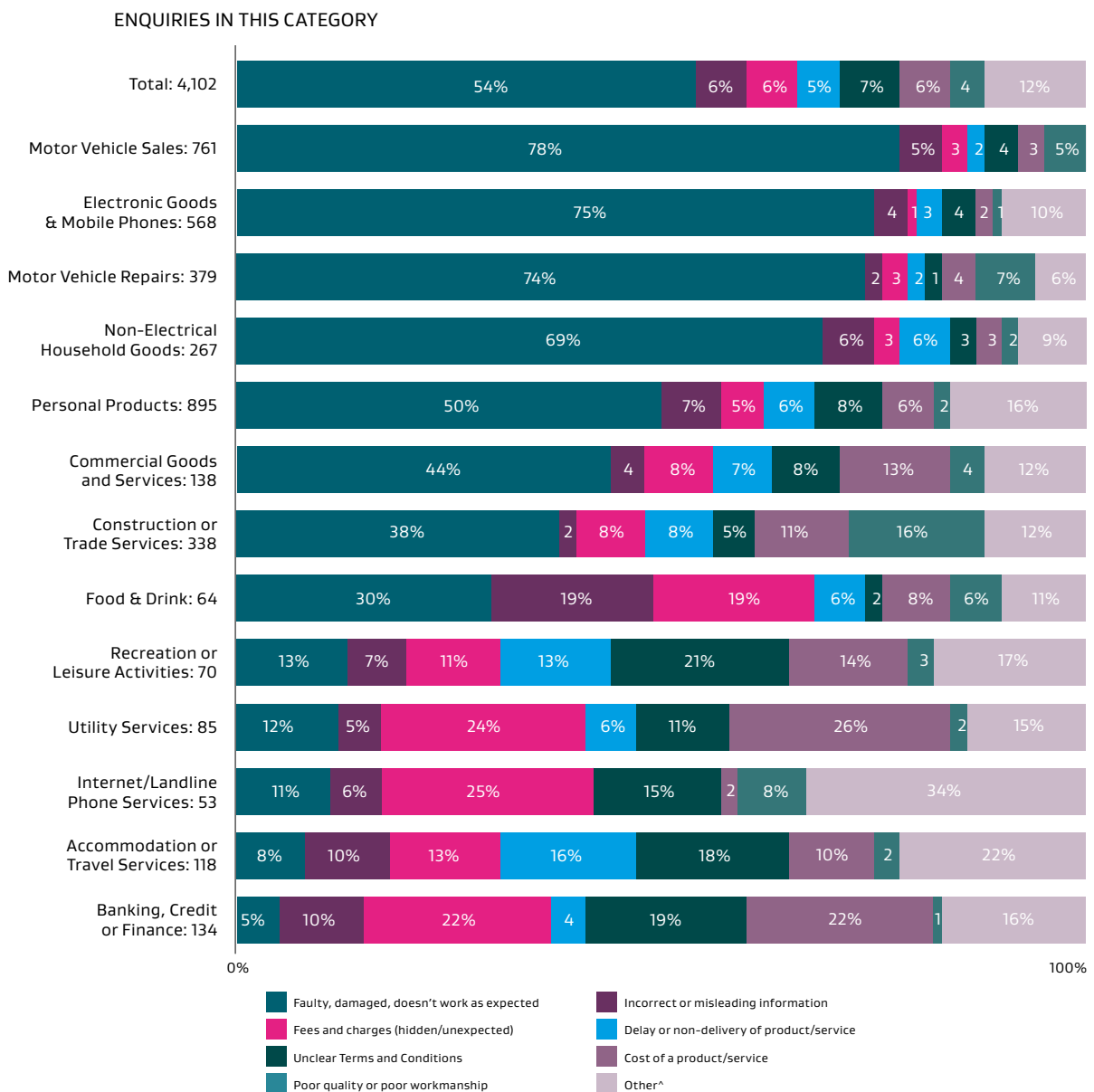
- The number of enquiries relating to issues bought online increased by 5% (up 23 enquiries).
- All other purchase methods experienced decreases, with private sales decreasing 31% (down 29 enquiries) and direct sales decreasing 9% (down 155 enquiries).

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 2.

Figure 5: Issue breakdown by sector, Q2 2018/19FY



Base: Total enquiries reporting reason for problem (n=4,102)

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, 78%
- ▶ Electronic goods & mobile phones, 75%
- ▶ Motor vehicle repairs, 74%

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, 51%
- ▶ Internet/landline phone services, 51%
- ▶ Accommodation or travel services, 42%

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

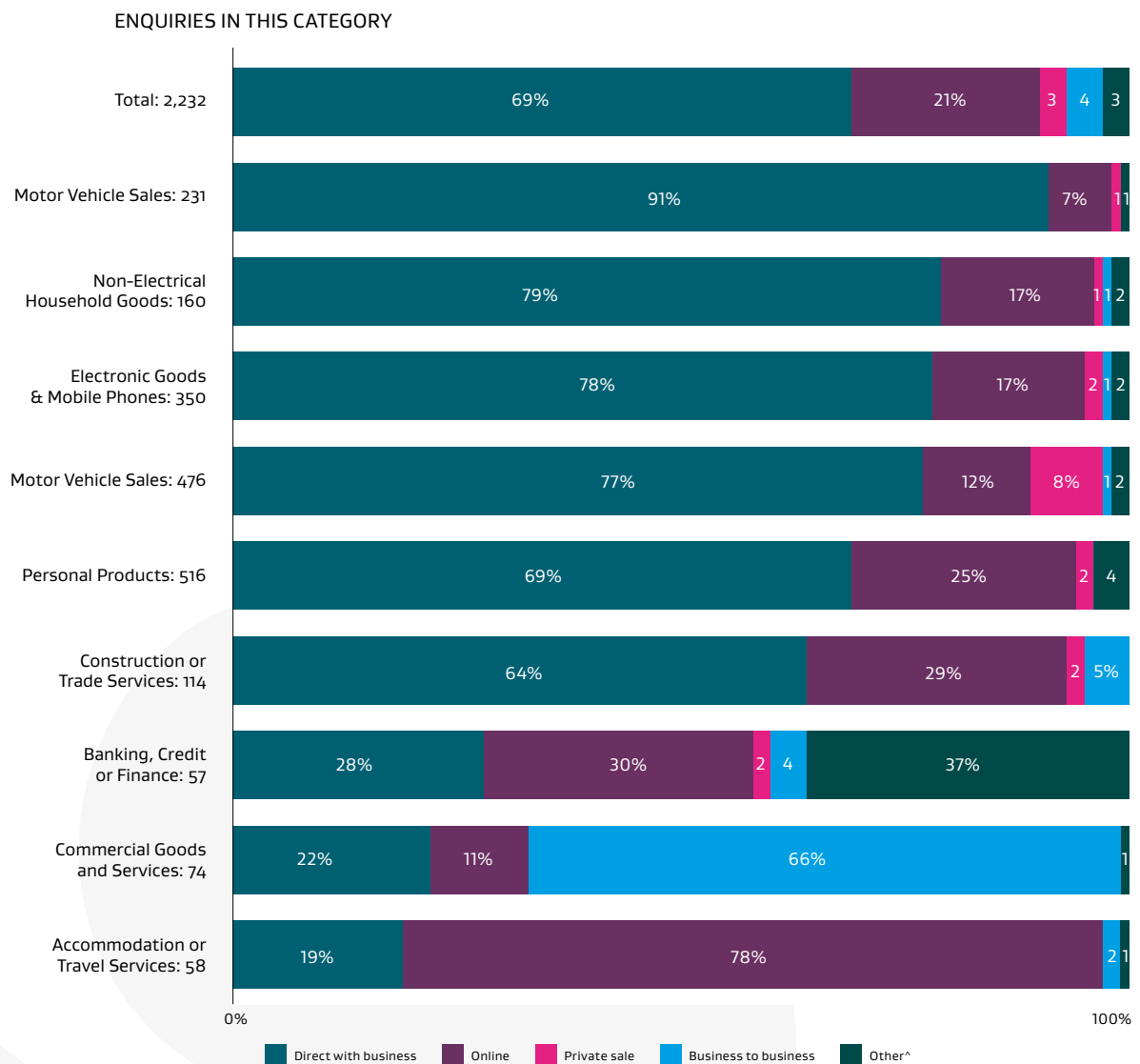
- ▶ Construction or trade services, 16%
- ▶ Internet/landline phone services, 8%
- ▶ Motor vehicle repairs, 7%



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 2018/19FY



Base: Total enquiries reporting purchase method (n=2,232)

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
- ▶ 'Other' methods, notably 'Finance or layby' was more frequently noted as a purchase method for banking credit or finance issues

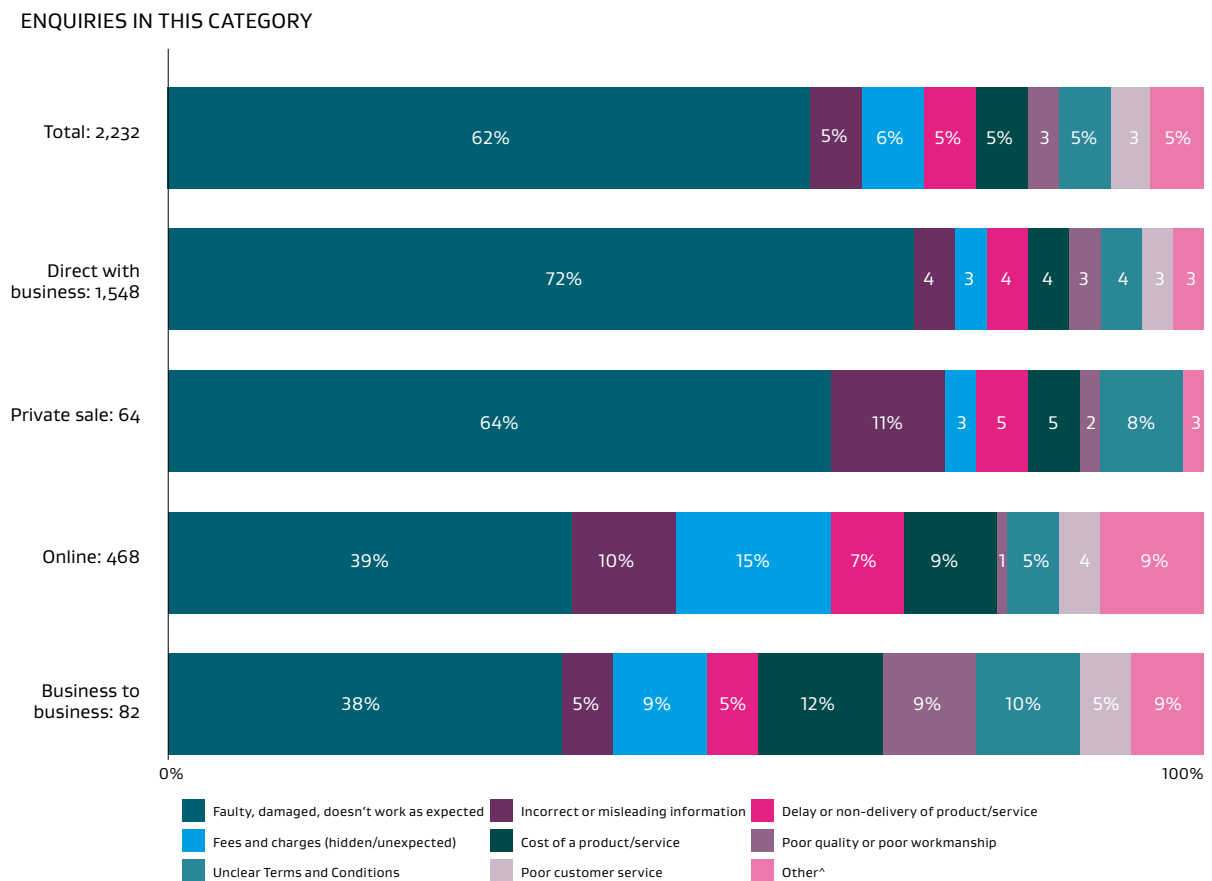


Reporting by purchase method: Issue breakdown

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

- ▶ 'Faulty, damaged, doesn't work as expected' is most common issue for purchases across all methods
- ▶ Purchases made online or through business to business transactions have a broader spread of issues than direct and private sales

Figure 7: Issue breakdown by purchase method, Q2 2018/19FY



Base: Total enquiries reporting purchase method (n=2,232)

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

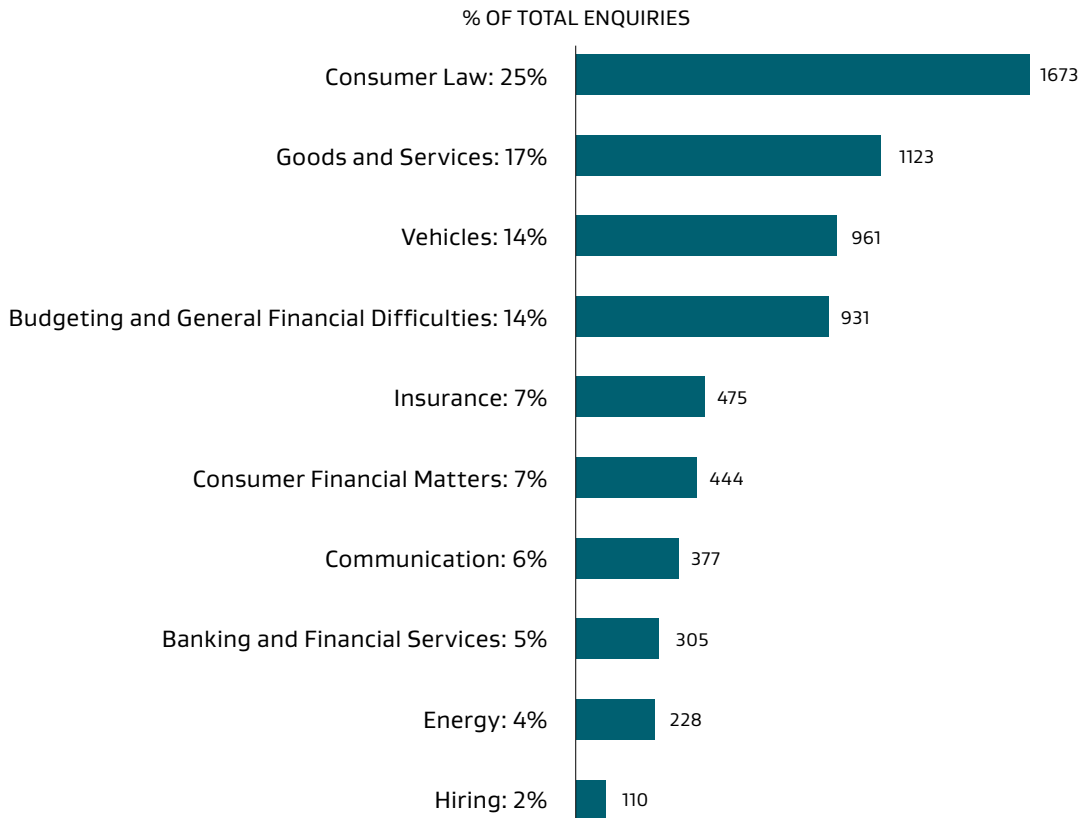
Enquiries to Citizen's Advice Bureau

Between 1 October and 31 December CAB received 6,687 standard enquiries a decrease of 11% compared to the previous quarter (7,546). Fifty-six percent of the standard enquiries related to consumer law, goods and services, and vehicles. Budgeting and general financial matter 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=1,673) in quarter 2, making up 25% of all enquiries (figure 8). The next largest categories were goods and services (17%), vehicles (14%) and budgeting and general financial difficulties (14%).

Figure 8: CAB enquiries by aggregated category, Q2 2018/19FY



Base: Total standard enquiries (n=6,687)

Changes since last quarter

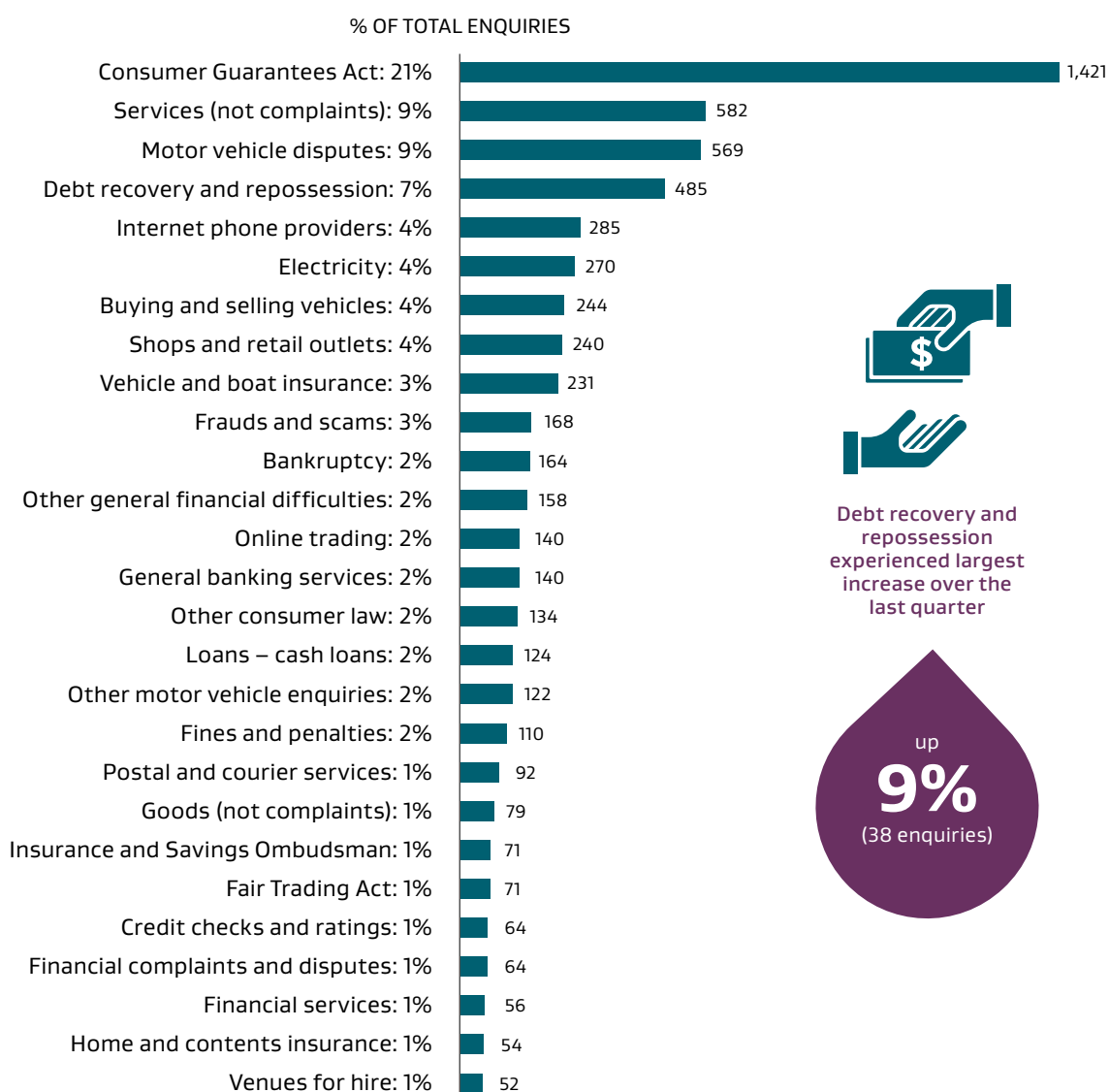
- The total number of enquiries to CAB decreased by 11% over the last quarter from 7,546 to 6,687.
- 'Budgeting and general financial matters' was the only category that experienced an increase in enquiries (up 6%, 50 enquiries).
- 'Energy' and 'insurance' experienced the largest percentage decrease in enquiries, down 27% (107 fewer enquiries) and 25% (159 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 21% of all enquiries (n=1,421), services (not complaints) 9% (n=582), and motor vehicle disputes 9% (n=569).



Figure 9: CAB enquiries by detailed category, Q2 2018/19FY



Base: Total standard enquiries (n=6,687)

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.
- 'Debt recovery and repossession' and 'online trading' saw the largest increase in enquiries, up 38 and 27 respectively.
- The largest decreases in enquiries were for the most frequently enquired about categories 'Consumer Guarantees Act', 'services (not complaints)' and 'motor vehicle disputes'.

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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