

Consumer Protection

Consumer Protection Quarterly Report

April – June 2018/19



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Executive summary

This is Consumer Protection's quarter four (Q4) report covering data from 1 April – 30 June 2019. 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

4,022

CONSUMER ENQUIRIES¹ WERE RECEIVED BY THE MBIE SERVICE CENTRE...
A DECREASE OF 11% FROM THE PREVIOUS QUARTER

Top enquiry sectors/areas



MOTOR VEHICLES (SALES AND REPAIRS)



PERSONAL PRODUCTS



ELECTRONIC GOODS



BANKING, BUDGETING, CREDIT OR FINANCE



CONSTRUCTION OR TRADE SERVICES



NON-ELECTRICAL HOUSEHOLD GOODS

¹ Due to changes in the enquiry recording system for the Citizens Advice Bureau this data has been removed from the enquiry volumes total.

Notable changes

- ▶ Despite an overall decrease in MBIE service centre enquiries, increases were observed in the areas of 'electronic goods & mobile phones' and 'construction and trade services'
- ▶ Motor vehicle repair enquiries to the MBIE service centre have decreased for the second quarter in a row, and are at their lowest level since measurements began in Q1 2017/18.

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
- ▶ The proportion of enquiries noting 'unclear terms and conditions' as the issue has steadily increased from 7% in Q2 to 9% this quarter
- ▶ Potential FTA breaches were most likely to be noted in enquiries related to 'Banking, credit or finance' and 'recreation or leisure activities'
- ▶ 'Poor quality or poor workmanship' was most likely to be noted in enquiries related to 'Construction or trade services'.

Purchase method

- ▶ The majority of enquiries to the MBIE service centre (72%) 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% last quarter
- ▶ Online was more frequently noted as a purchase method for 'personal product' issues
- ▶ Enquiries relating to purchases made online have a broad spread of issues.

Key insights from the 2018/19FY

- ▶ Just over 17,000 consumer enquiries were received by the MBIE service centre, an increase of 6% compared to the 2017/18FY
- ▶ Top enquiry areas remained relatively consistent throughout the year and compared to the previous financial year
- ▶ Personal product enquiries experienced the largest increase in enquiries
- ▶ Faulty, damaged, doesn't work as expected was the most frequent issue noted in enquiries, this is also consistent with the previous year
- ▶ Issues noting unclear terms and conditions experienced the largest percentage increase compared to the 2017/18FY.



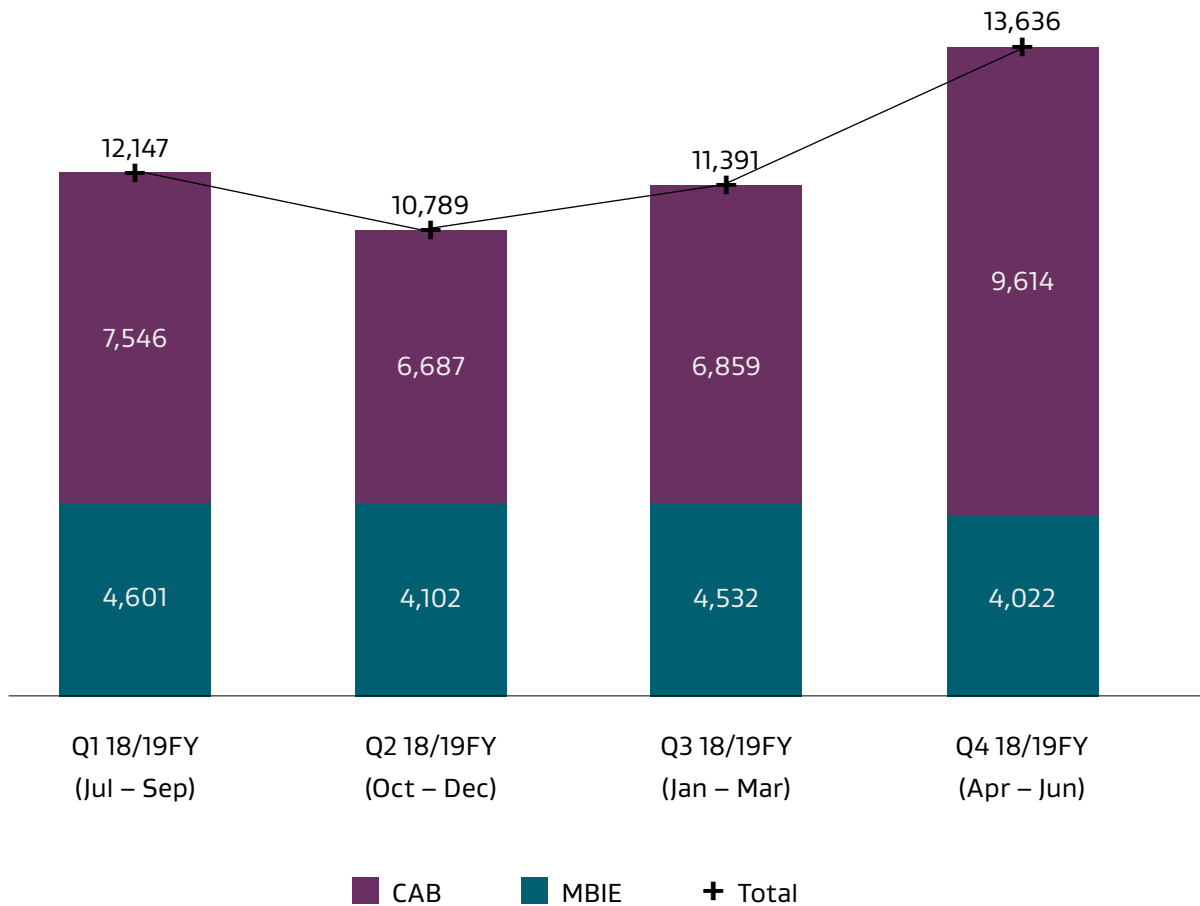
Total enquiries

Due to changes to the CAB enquiry recording system this quarter, totals do not reflect enquiry totals and therefore it is not possible to compare total enquiries with the previous quarter.

Breakdown by receiving organisation

Changes in the CAB recording system mean it is now possible for an enquiry to be assigned more than one category. CAB totals reflect the number of times that a category has been assigned rather than reflecting individual enquiry totals. Figure 1 shows the number of enquiries/enquiry categorisations received by each organisation in quarter 4.

Figure 1: Total consumer enquiries/enquiry categorisations received by MBIE service centre and CAB, Q1 to Q4 2018/19FY



*Note that the CAB changed their enquiry recording system in Q4 so totals for CAB reflect the number of categorisations rather than the number of enquiries. Therefore It is not possible to compare totals to the previous quarter.

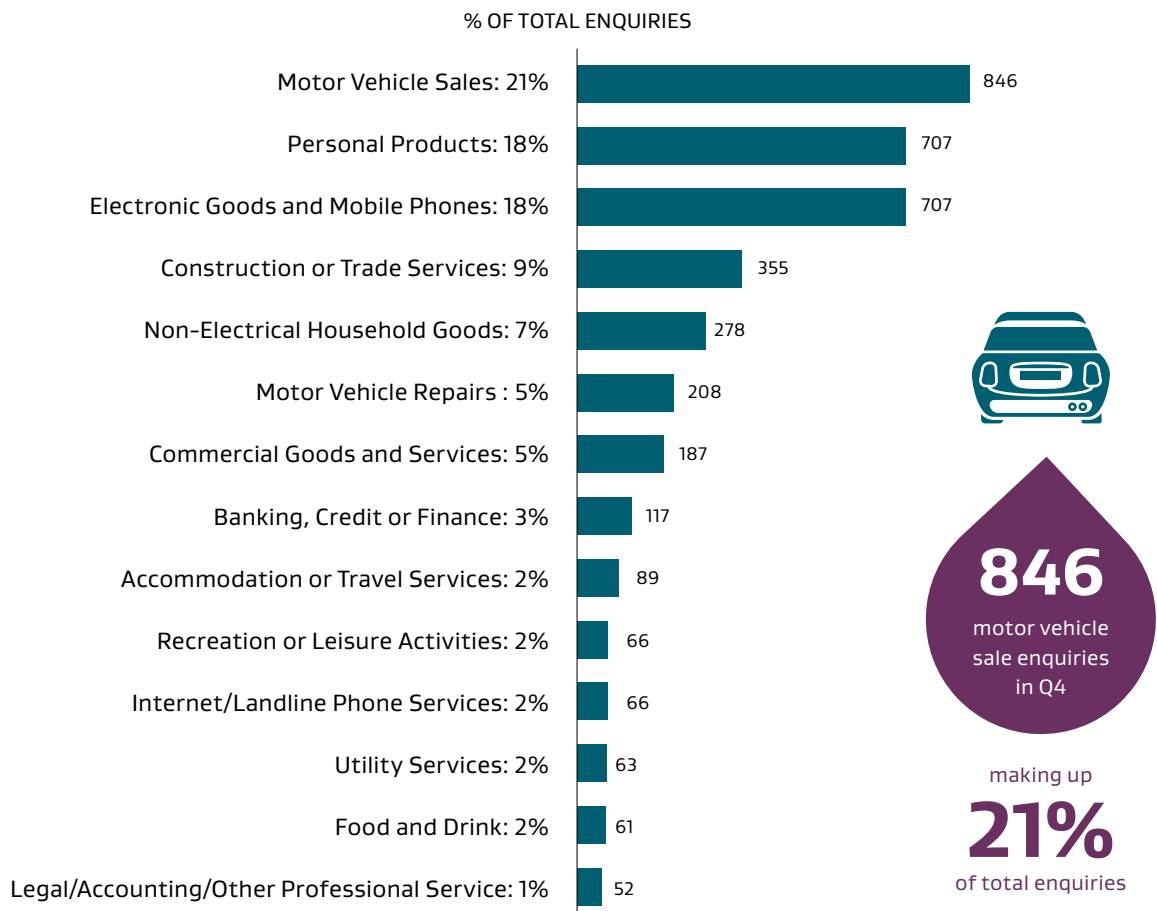
Enquires to MBIE service centre

Between 1 April and 30 June, the MBIE service centre received **4,022** enquires, an 11% decrease on the previous quarter (4,532). Just over half (56%) of all enquiries received related to motor vehicle sales, personal products, and electronic goods. Reflecting the overall decrease in enquiries, most categories also experienced decreases this month.

Breakdown by sector

Figure 2 shows the total number of enquiries received by the MBIE service centre in quarter 4 by the sector the enquiry relates to.

Figure 2: Enquiries by sector, Q4 2018/19FY



Base: Total enquiries (n=4,022)

Note only categories receiving 50 or more enquiries are shown

The next largest categories were personal products (18%), electronic goods & mobile phones (18%), construction or trade services (9%), non-electrical household goods (7%), and motor vehicle repairs (5%).

Businesses frequently mentioned over the last quarter include:

- ▶ Noel Leeming
- ▶ Harvey Norman
- ▶ Vodafone
- ▶ Dick Smith
- ▶ TV shop
- ▶ PB Tech
- ▶ Air New Zealand
- ▶ The Warehouse
- ▶ New Zealand Post
- ▶ JB Hifi
- ▶ Mire 10
- ▶ Jetstar

Changes since last quarter

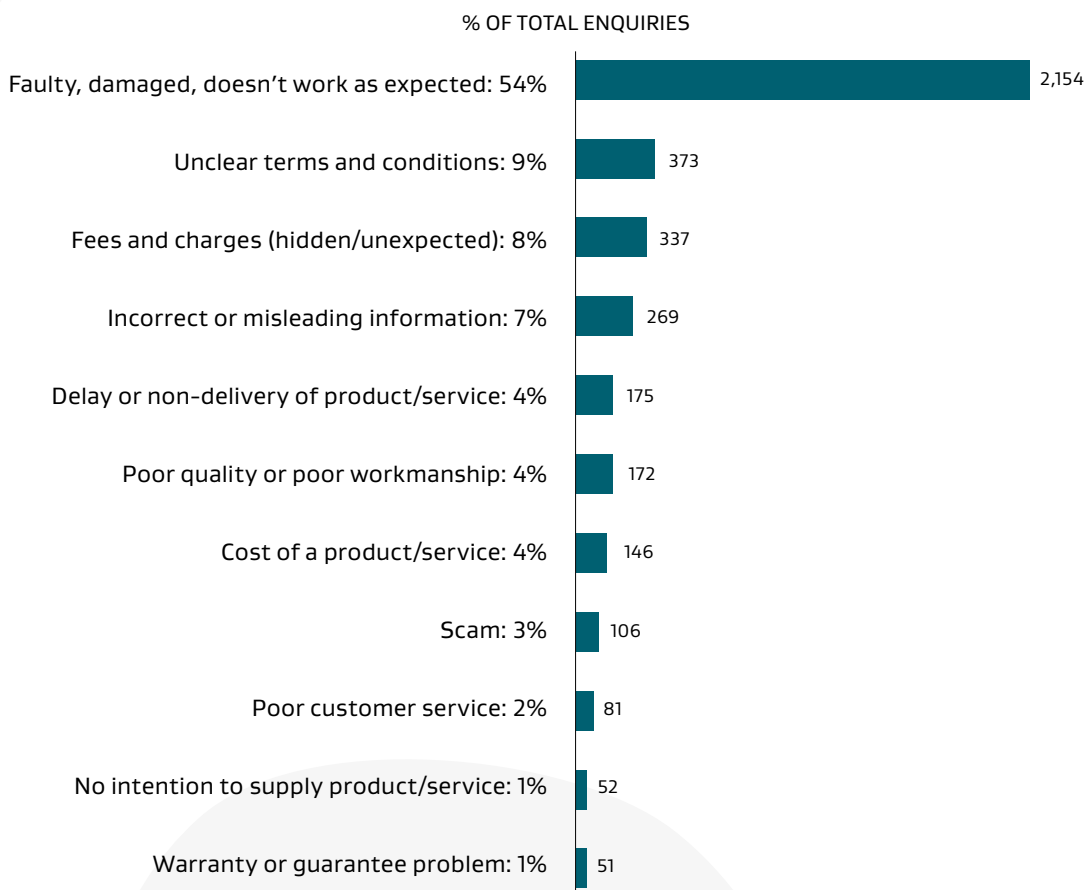
- The total number of enquiries to the MBIE service centre decreased by 11% over the last quarter from 4,532 to 4,022.
- The top five sectors remain unchanged this quarter.
- Only two of the top five sectors experienced increases in enquiries this month – ‘electronic goods & mobile phones’ (69 more enquiries, an 11% increase) and ‘construction or trade services’ (20 more enquiries, 6%).
- Most sectors experienced decreases, although ‘personal products’ had the largest decrease in enquiries over the last quarter (325 fewer enquiries, a decrease of 31%).



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). Just over a quarter of enquiries (26%) 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, Q4 2018/19FY



Base: Total enquiries (n=4,022)

Note only issues receiving 50 or more enquiries are shown

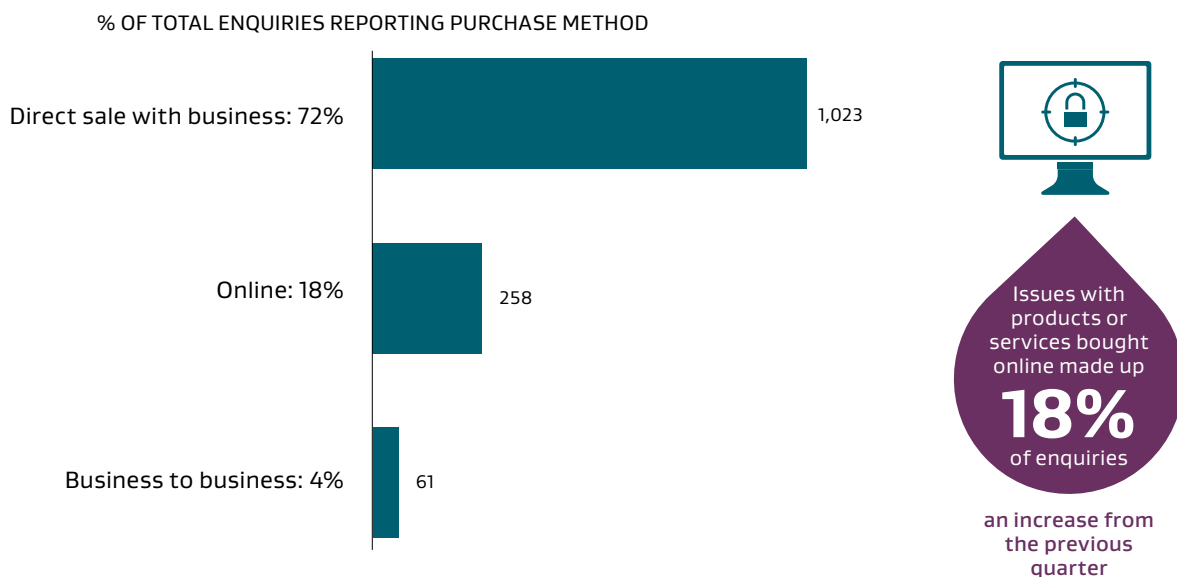
Changes since last quarter

- No change to the top five issues this quarter although 'unclear terms and conditions' and 'fees and charges (hidden/unexpected)' swapped second and third spots.
- The proportion of enquiries relating to 'unclear terms and conditions' have gradually increased each quarter, making up 7% of enquiries in Q2 and 9% in Q4.
- 'Faulty, damaged, doesn't work as expected' and 'delay or non-delivery' experienced the largest decreases in enquiries, down 469 and 73 enquiries respectively.

Breakdown by purchase method

Consumer enquiries spanned all purchase channels,² although the majority (72%) was made in person (including at a shop or calling the business directly).

Figure 4: Enquiry by purchase method, Q4 2018/19FY



Base: Total enquiries reporting purchase method (n=1,430)

Note only purchase methods receiving 50 or more enquiries are shown

Issues with products/services bought online made up 18% 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) made up 1%.

Changes since last quarter

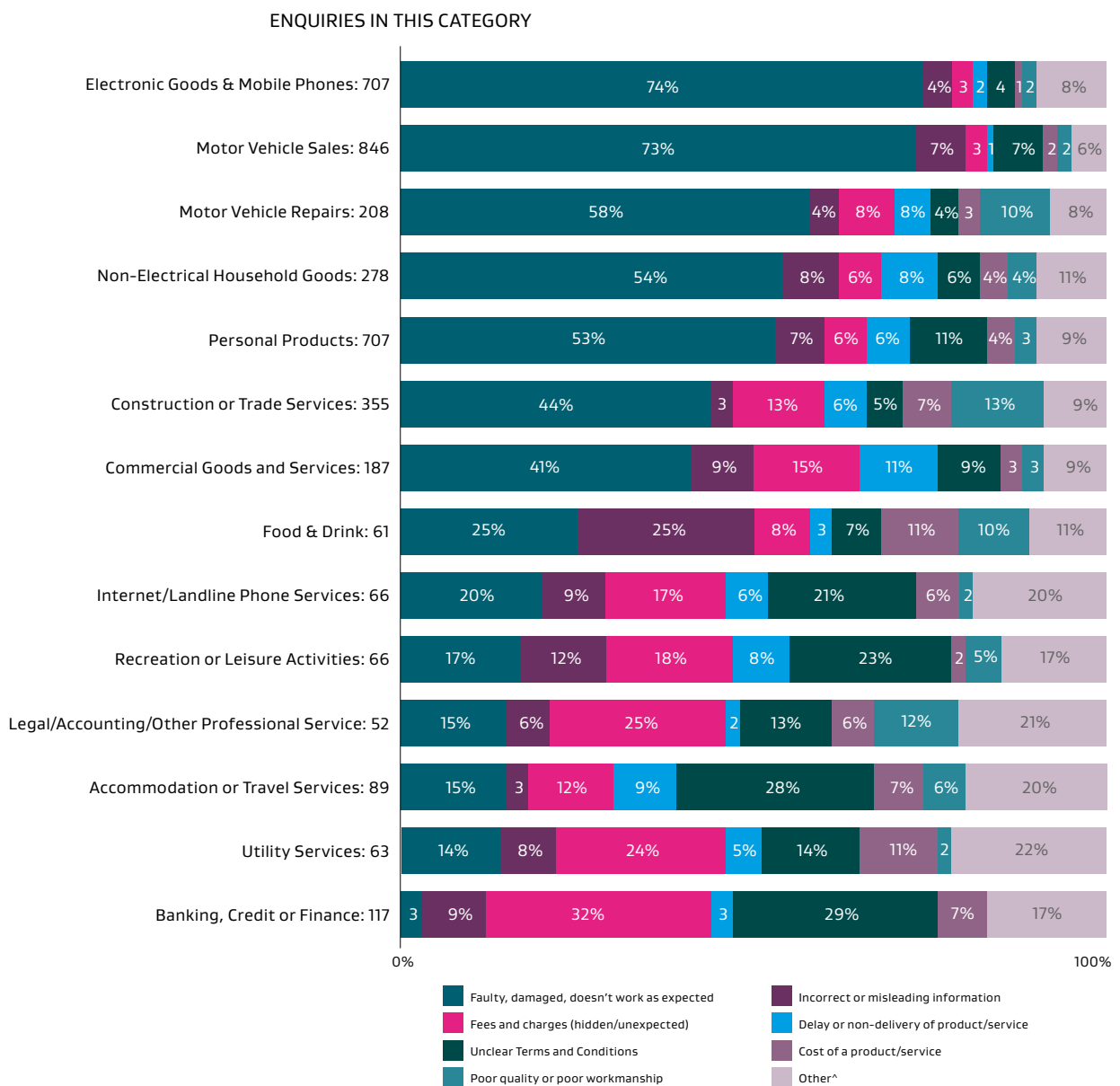
- The proportion of enquiries relating to issues bought online increased by four percentage points this quarter (from 14% to 18%).
- Direct sales experienced a four percentage point decrease, whereas the proportion of all other purchase methods remained relatively unchanged.

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 4.

Figure 5: Issue breakdown by sector, Q4 2018/19FY



Base: Total enquiries reporting reason for problem (n=4,022)

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:

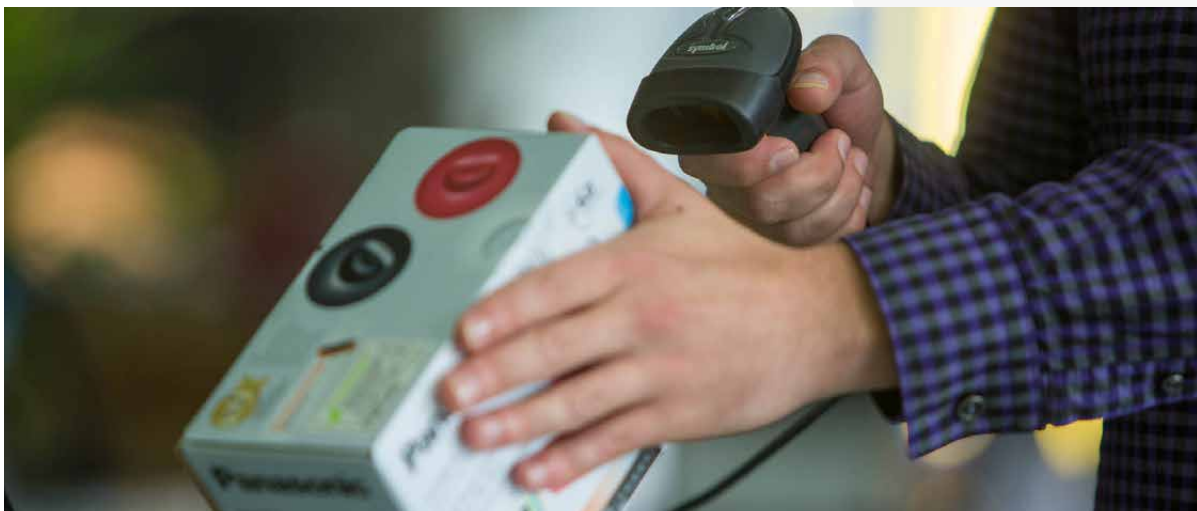
- ▶ Electronic goods & mobile phones, 74%
- ▶ Motor vehicle sales, 73%
- ▶ Motor vehicle repairs, 58%.

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, 71%
- ▶ Recreation or leisure activities, 58%
- ▶ Legal/accounting/other professional services, 52%.

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

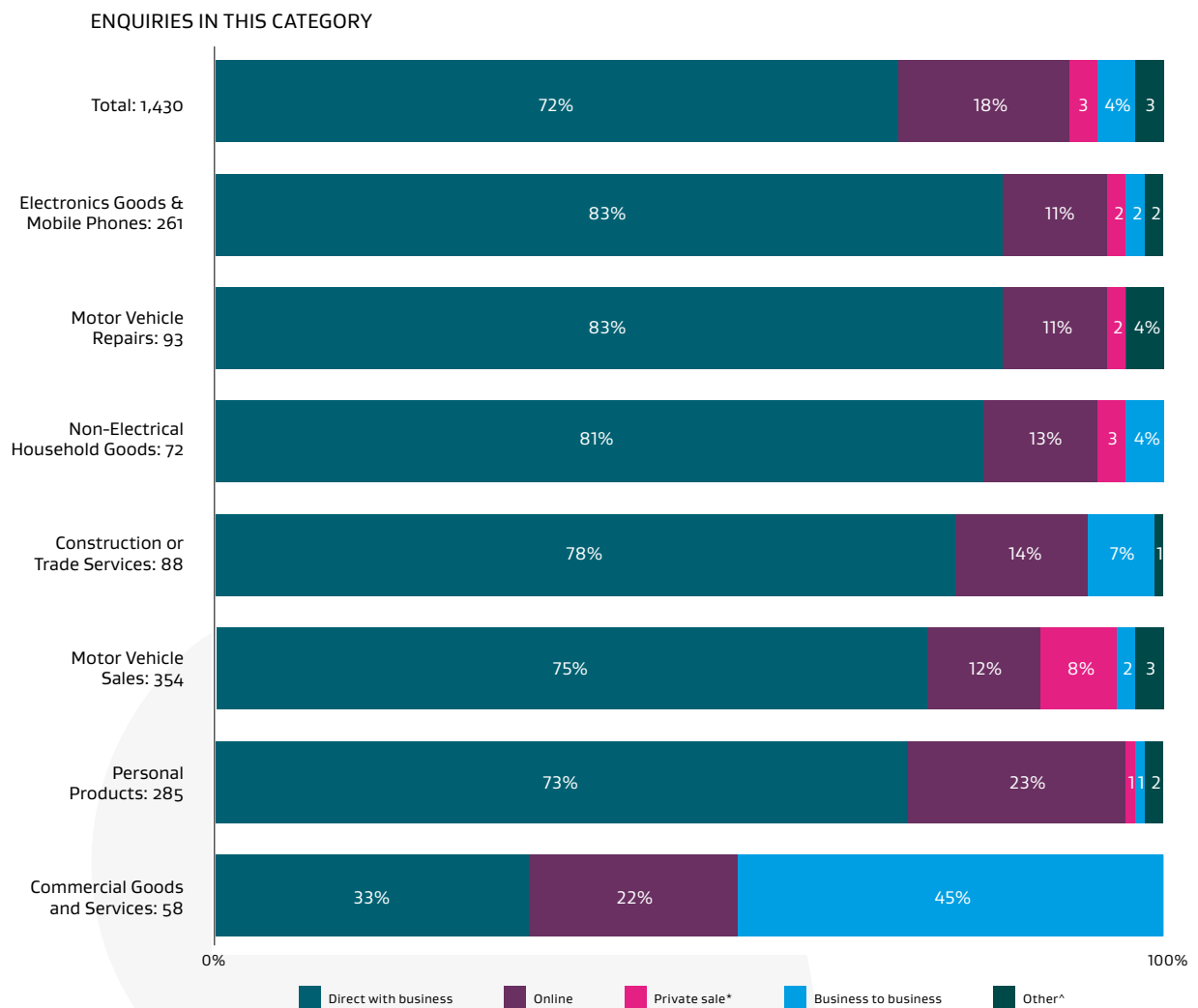
- ▶ Construction or trade services, 13%
- ▶ Legal/accounting/other professional services, 12%
- ▶ Motor vehicle repairs, 10%.



Reporting by sector: Purchase method breakdown

Figure 6 shows purchase method breakdown by sector for enquiries received by the MBIE service centre in quarter 4.

Figure 6: Purchase method breakdown by sector, Q4 2018/19FY



Base: Total enquiries reporting purchase method (n=1,430)

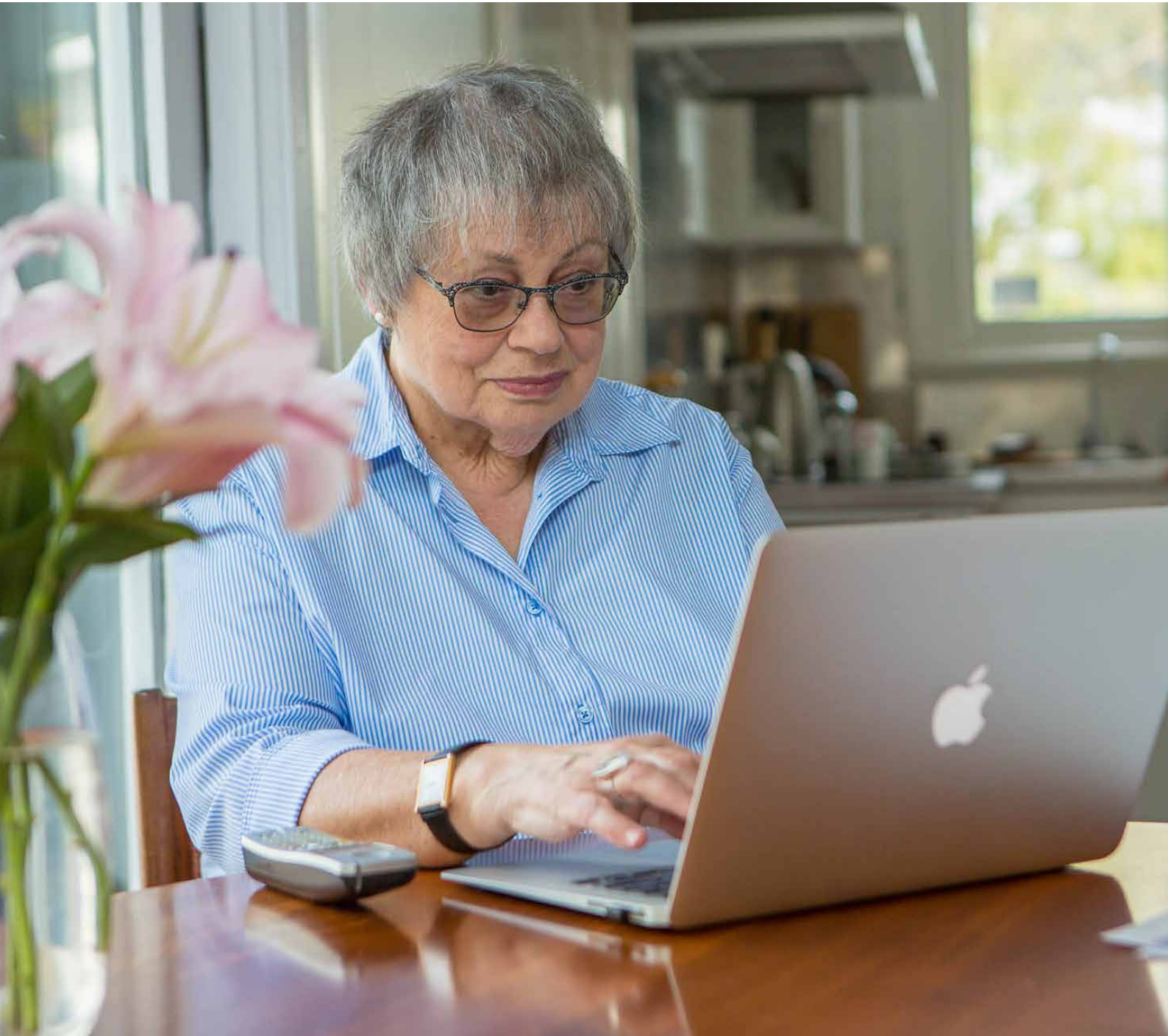
Note only categories receiving 50 or more enquiries are shown

*Although receiving less than 50 enquiries this quarter private sale is included as a separate purchase method.

Results should be treated with caution

^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 'personal products' issues.
- ▶ Private sale was more frequently noted as a purchase method for 'motor vehicle sales' issues.

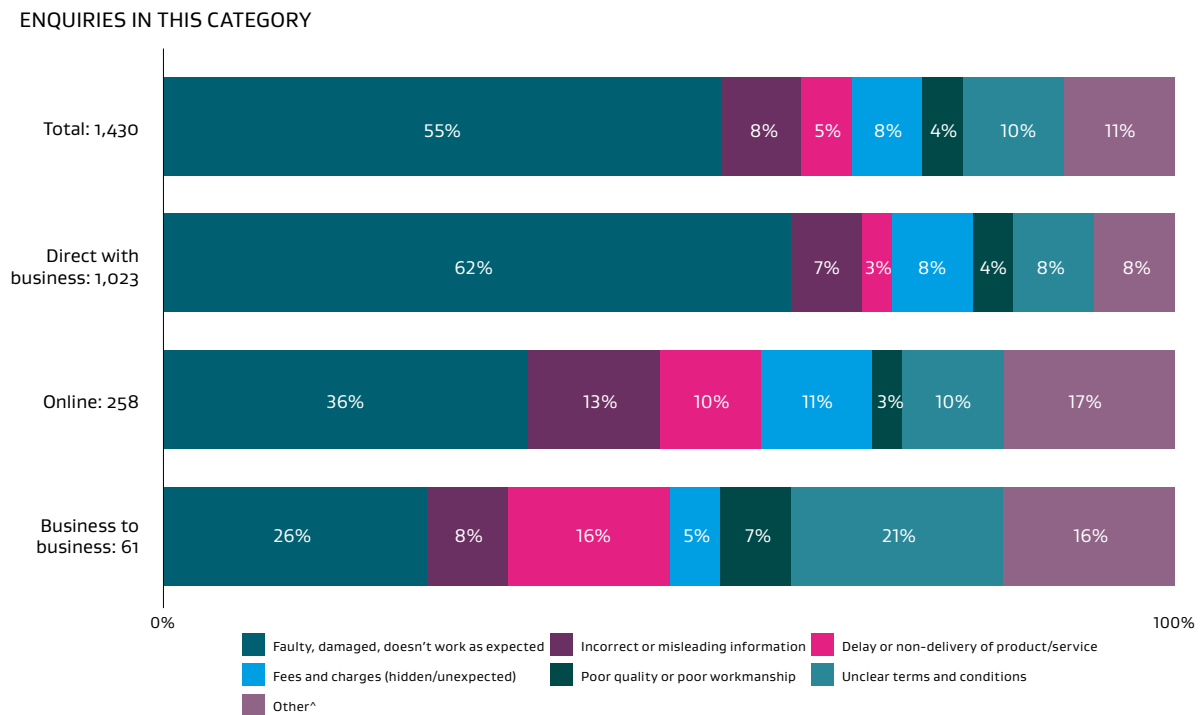


Reporting by purchase method: Issue breakdown

Figure 7 shows issue breakdown by purchase method for enquiries received by the MBIE service centre in quarter 4.

- ▶ 'Faulty, damaged, doesn't work as expected' is the 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 sales.

Figure 7: Issue breakdown by purchase method, Q4 2018/19FY



Base: Total enquiries reporting purchase method (n=1,430)

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

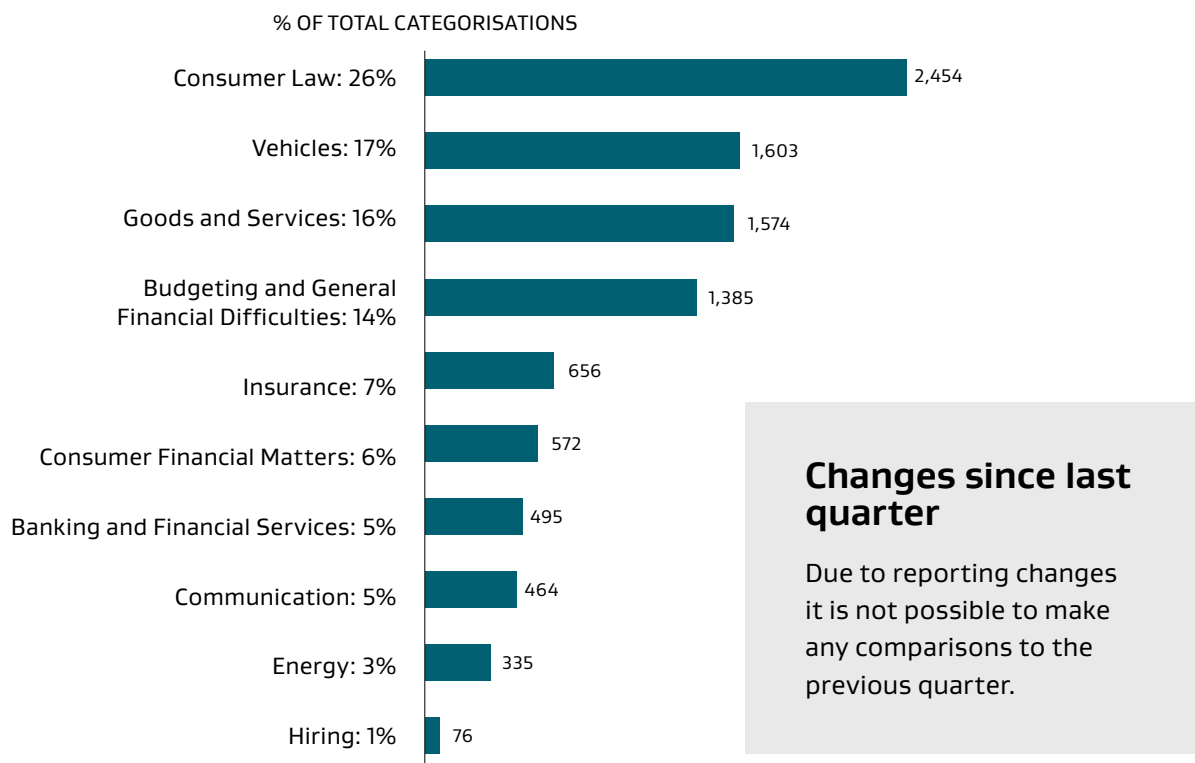
CAB changed its enquiry recording system this quarter so it is not possible to directly compare total enquiries with the previous quarter. Fifty-nine percent of all assigned enquiry categories related to consumer law, vehicles, and goods and services.

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. Due to changes in the recording system it is now possible for enquiries to be assigned to more than one category area therefore totals do not reflect the number of individual enquiries.

Consumer law was the category assigned to the highest number of enquiries in quarter 4 (assigned 2,454 times), making up 26% of all categorisations (figure 8). The next largest were vehicles (17%), goods and services (16%), and budgeting and general financial difficulties (14%).

Figure 8: CAB enquiry categorisations by aggregated category, Q4 2018/19FY



Base: Total categorisations (n=9,614)

Breakdown by detailed category

Figure 9 shows the detailed categories that consumer enquiries were assigned to in quarter 4. Enquiries categorised as 'Consumer Guarantees Act including complaints about goods and services' made up 22% of all enquiry categorisations (n=2,100), services (not complaints) 9% (n=873), and motor vehicle disputes 9% (n=845).

Figure 9: CAB enquiry categorisations by detailed category, Q4 2018/19FY



Base: Total categorisations (n=9,614)
Note only categories of 50 or more are shown

Annual snapshot

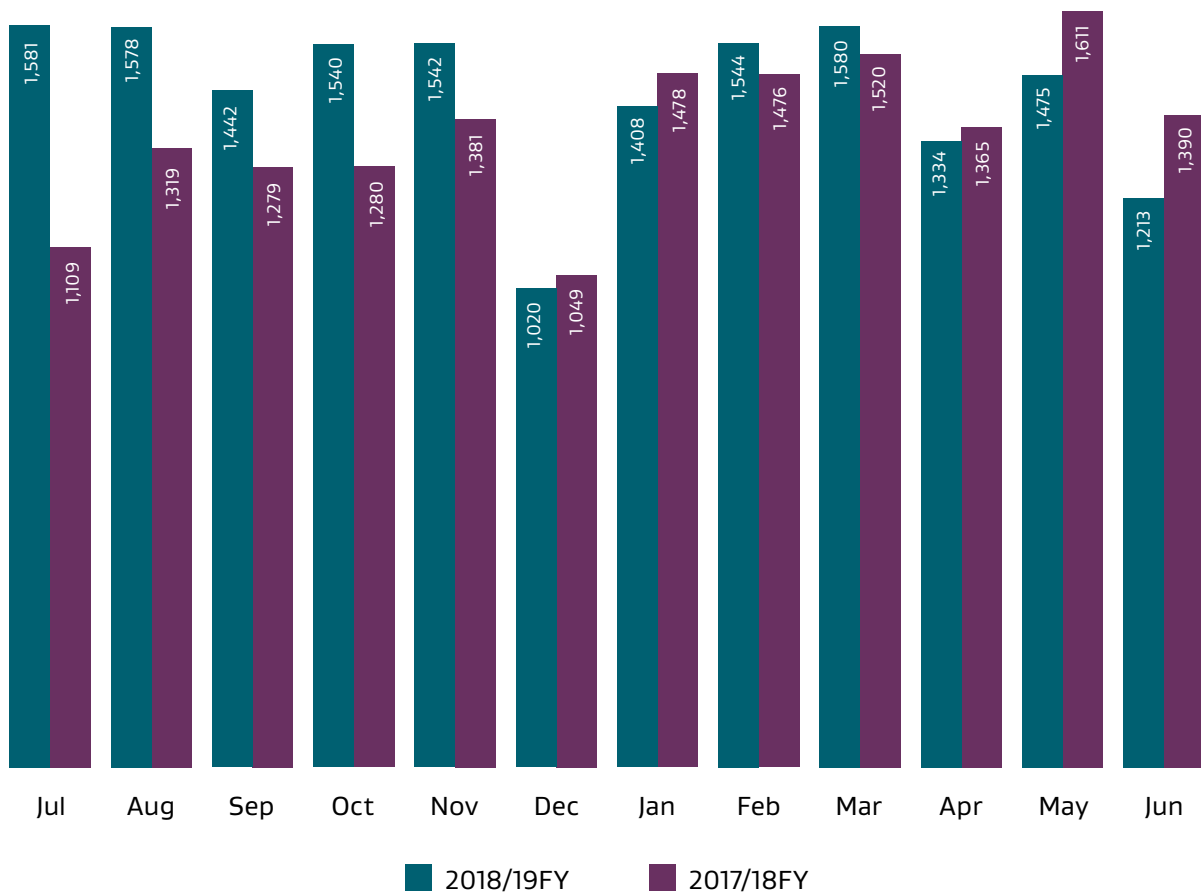
In the 2018/19 financial year the MBIE service centre received **17,257** consumer enquiries, a 6% increase from the previous year. The top enquiry areas related to motor vehicles, personal products and electronic goods, consistent with 2017/18.

MBIE service centre

Annual enquiries

In the 2018/19 financial year the MBIE service centre received around 17,000 enquiries (a 6% increase from around 16,000 last financial year). The number of enquiries varied throughout the year, with the monthly minimum observed in December at 1,020 enquiries and the maximum in July at 1,581 (figure 10).

Figure 10: Total enquiries by month, 2018/19FY



Top enquiry and issue categories

The categories that generated the highest numbers of enquiries were:

- ▶ Motor vehicle sales (3,433 enquiries, making up 20% of all enquiries)
- ▶ Personal products (3,314 enquiries, 19%)
- ▶ Electronic goods & mobile phones (2,680 enquiries, 16%)
- ▶ Construction or trade services (1,437 enquiries, 8%)
- ▶ Motor vehicle repairs (1,192 enquiries, 7%)
- ▶ Non-electrical household goods (1,160 enquiries, 7%).

All other categories accounted for 3% or less of total enquiries.

The top six categories above were also the top six each quarter. These were also the top six categories last financial year although the order was slightly different: Motor vehicle sales; electronic good & mobile phones; personal products; non-electrical household goods, construction or trade services; motor vehicle repairs.

'Faulty, damaged, doesn't work as expected' has been the top issue identified each quarter, followed by 'unclear terms and conditions' or 'fees and charges (hidden/unexpected)'. This was a change from last year when 'faulty, damaged, doesn't work as expected' and 'incorrect or misleading information' were the top two issues identified each quarter.



Enquiry and issue growth areas

Compared to the 2017/18 financial year the following enquiry categories experienced greater than average growth (average growth of 10% for all categories):

- ▶ Personal products (increased 63%)
- ▶ Entertainment (49%)
- ▶ Real estate and property management (49%)
- ▶ Utility services (31%)
- ▶ Food & drink (18%)
- ▶ Health services (18%)
- ▶ Motor vehicle repairs (14%)
- ▶ Motor vehicle sales (13%)

Over the same period there was also a notable decline in enquiries relating to telecommunication services, recreation or leisure activities, non-electrical household goods, and electronic goods & mobile phones.

Enquiries relating to issues of 'faulty, damaged, doesn't work as expected' and 'unclear terms and conditions' experienced the largest increases compared to the 2017/18 financial year (up 32% and 39% respectively). Increases in unclear terms and conditions issues were greater in the categories: accommodation or travel services, construction or trade services, personal products, and utility services.

Citizen's Advice Bureau

Annual enquiries

Due to changes in the recording system during the 2018/19FY it is not possible to compare enquiry totals with the previous financial year.

Top enquiry categories

In the 2018/19FY the detailed categories that generated the highest numbers of enquiries/enquiry categorisations were:

- ▶ Consumer Guarantees Act including complaints about goods and services (6,702 enquiries/enquiry categorisations, making up 22% of all enquiries)
- ▶ Motor vehicle disputes (2,742 enquiries, making up 9% of all enquiries)
- ▶ Services (not complaints) (2,666 enquiries, 9%)
- ▶ Debt recovery and repossession (2,040 enquiries, 7%)
- ▶ Buying and selling vehicles (1,385 enquiries, 5%)

The top four of the detailed categories above were also the top four detailed categories in the 2017/18FY. The fifth category was 'internet and phone services' in 2017/18.

Enquiry growth areas

As noted earlier, it is not possible to compare the enquiry totals, and therefore areas of growth over the last financial year. Comparing the proportion of total enquiries/categorisations there has been slight increases in the 'debt recovery and repossession' and 'buying and selling vehicles' categories over the last year.

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 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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