

**Consumer
Protection**

Consumer Protection Quarterly Report

July – September 2019/20



MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

New Zealand Government

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Executive summary

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

13,492

CONSUMER ENQUIRIES WERE RECEIVED...
DUE TO REPORTING CHANGES IT IS NOT POSSIBLE TO
MAKE ANY COMPARISONS TO 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

Notable changes

- ▶ Total enquiries to the MBIE service centre decreased for the second quarter in a row
- ▶ Despite an overall decrease in MBIE service centre enquiries, increases were observed in the areas of 'Non-electrical household goods' and 'Recreation or leisure activities'
- ▶ Motor vehicle repair enquiries to the MBIE service centre have steadily declined since Q2 2018/19.

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 'Recreation or leisure activities'
- ▶ 'Poor quality or poor workmanship' was most likely to be noted in enquiries related to 'Motor vehicle repairs' and 'Construction or trade 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 18% of enquiries, the same as the previous 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.



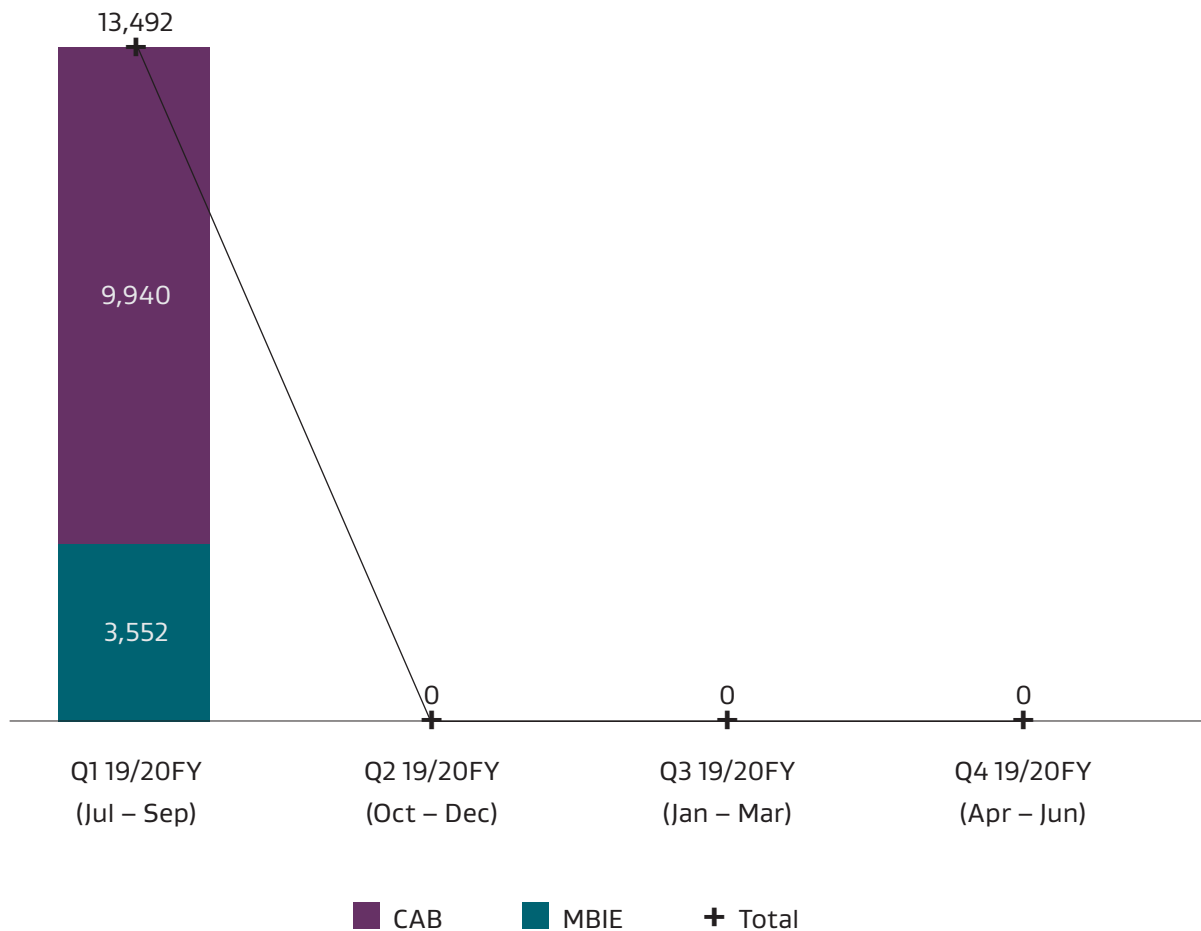
Total enquiries

Between 1 July and 30 September **13,492** consumer enquiries were received by the MBIE service centre and CAB. Due to changes to the CAB enquiry recording system it is not possible to compare total enquiries with the previous quarter.

Breakdown by receiving organisation

Figure 1 shows the number of enquiries received by each organisation in quarter 1. In total, 13,492 enquiries were received with 74% of these enquiries being through CAB. Changes to the CAB enquiry recording system means it is not possible to compare with the previous quarter.

Figure 1: Total consumer enquiries received by MBIE service centre and CAB, Q1 to Q4 2019/20FY



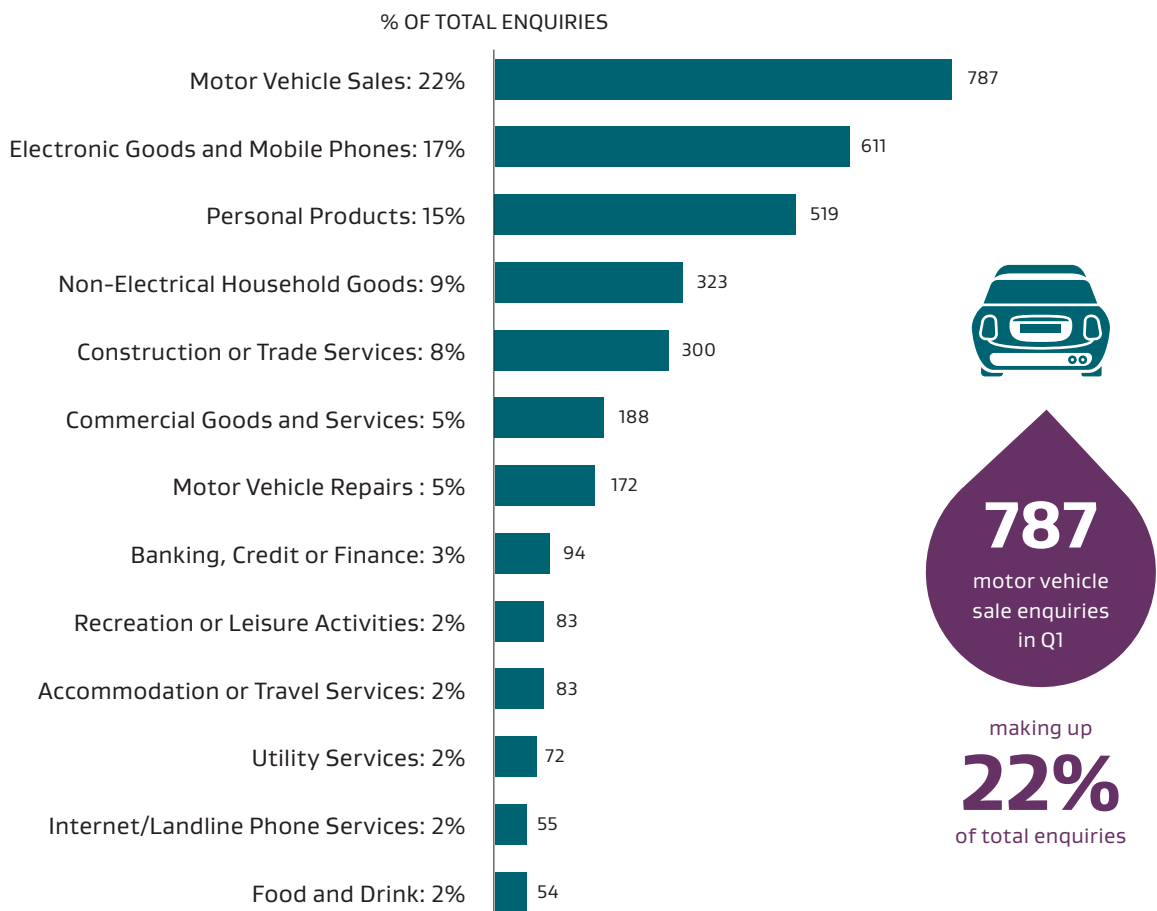
Enquires to MBIE service centre

Between 1 July and 30 September the MBIE service centre received **3,552** enquires, a 12% decrease on the previous quarter (4,532). Just over half (54%) of all enquiries received related to motor vehicle sales, personal products, and electronic goods. Reflecting the overall decrease in enquires, most categories also experienced decreases 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 2019/20FY



Base: Total enquiries (n=3,552)

Note only categories receiving 50 or more enquiries are shown

The next largest categories were electronic goods & mobile phones (17%), personal products (15%), non-electrical household goods (9%), and construction or trade services (8%).

Businesses frequently mentioned over the last quarter include:

- ▶ Spark
- ▶ Noel Leeming
- ▶ Harvey Norman
- ▶ Vodafone
- ▶ Smith City
- ▶ TV shop
- ▶ PB Tech
- ▶ The Warehouse
- ▶ Mitre 10.

Changes since last quarter

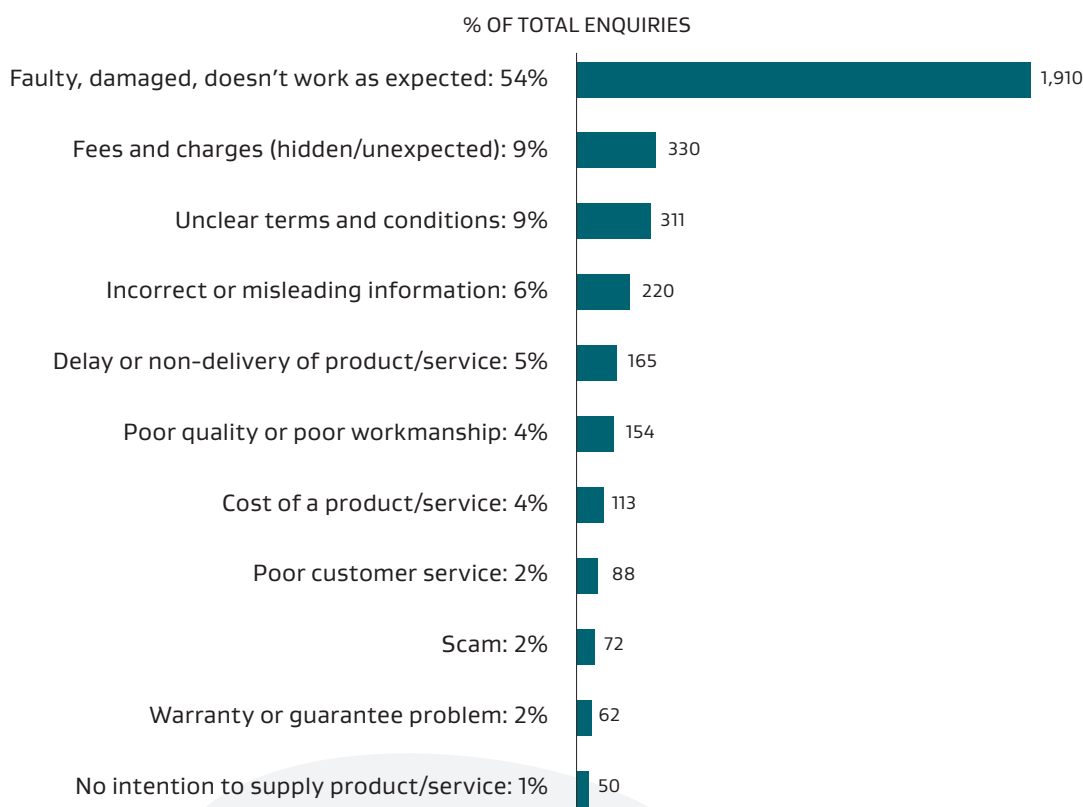
- The total number of enquiries to the MBIE service centre decreased by 12% over the last quarter from 4,022 to 3,552.
- The top five sectors remain unchanged this quarter.
- Only three sectors experienced an increase in enquiries this quarter – ‘non-electrical household goods’ (45 more enquiries, a 16% increase), ‘recreation and leisure activities’ (n=17, 26%) and utility services (n=9, 14%).
- Most sectors experienced decreases, with ‘personal products’ and ‘electronic goods’ having the largest decrease in enquiries over the last quarter (188 and 96 fewer enquiries respectively).



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, Q1 2019/20FY



Base: Total enquiries (n=3,552)

Note only issues receiving 50 or more enquiries are shown

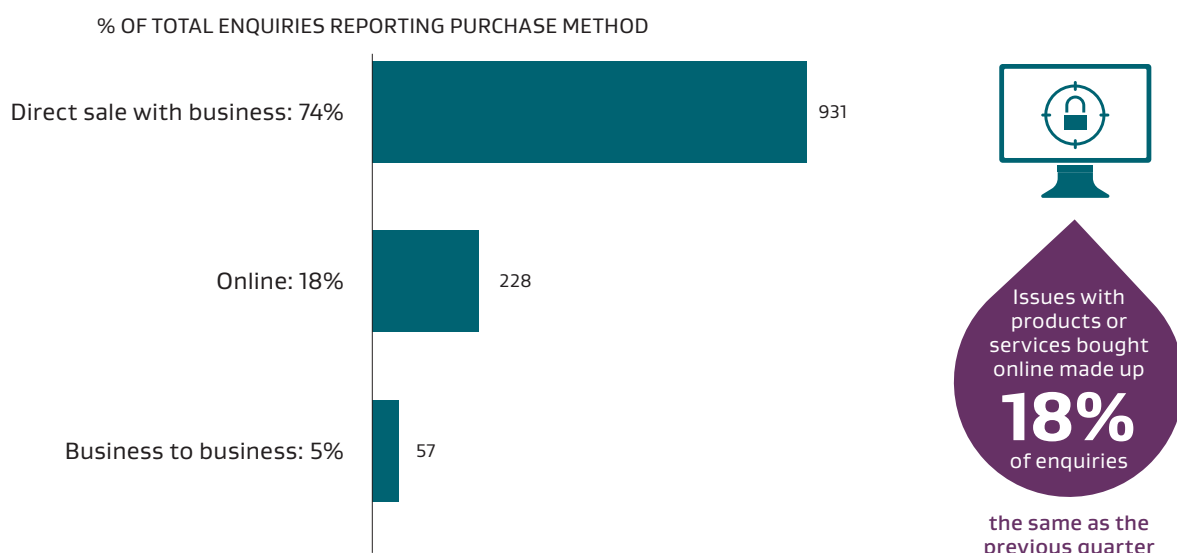
Changes since last quarter

- No change to the top five issues this quarter although 'unclear terms and conditions' moved to third (from second) and 'fees and charges (hidden/unexpected)' moved to second (from third).
- Most issues experienced decreases this quarter, with the top issues experiencing the largest decreases.
- 'Warranty or guarantee problem' was one of the only issues that experienced an increase this quarter (up 11 enquiries, 22%).

Breakdown by purchase method

Consumer enquiries spanned all purchase channels,¹ although the majority (74%) was made in person (including at a shop or calling the business directly).

Figure 4: Enquiry by purchase method, Q1 2019/20FY



Base: Total enquiries reporting purchase method (n=1,260)

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 5%, and private sales 2%. Finance agreement or layby made up 1% and those made through uninvited sales (meaning from telemarketers or door-to-door salespeople) made up 1%.

Changes since last quarter

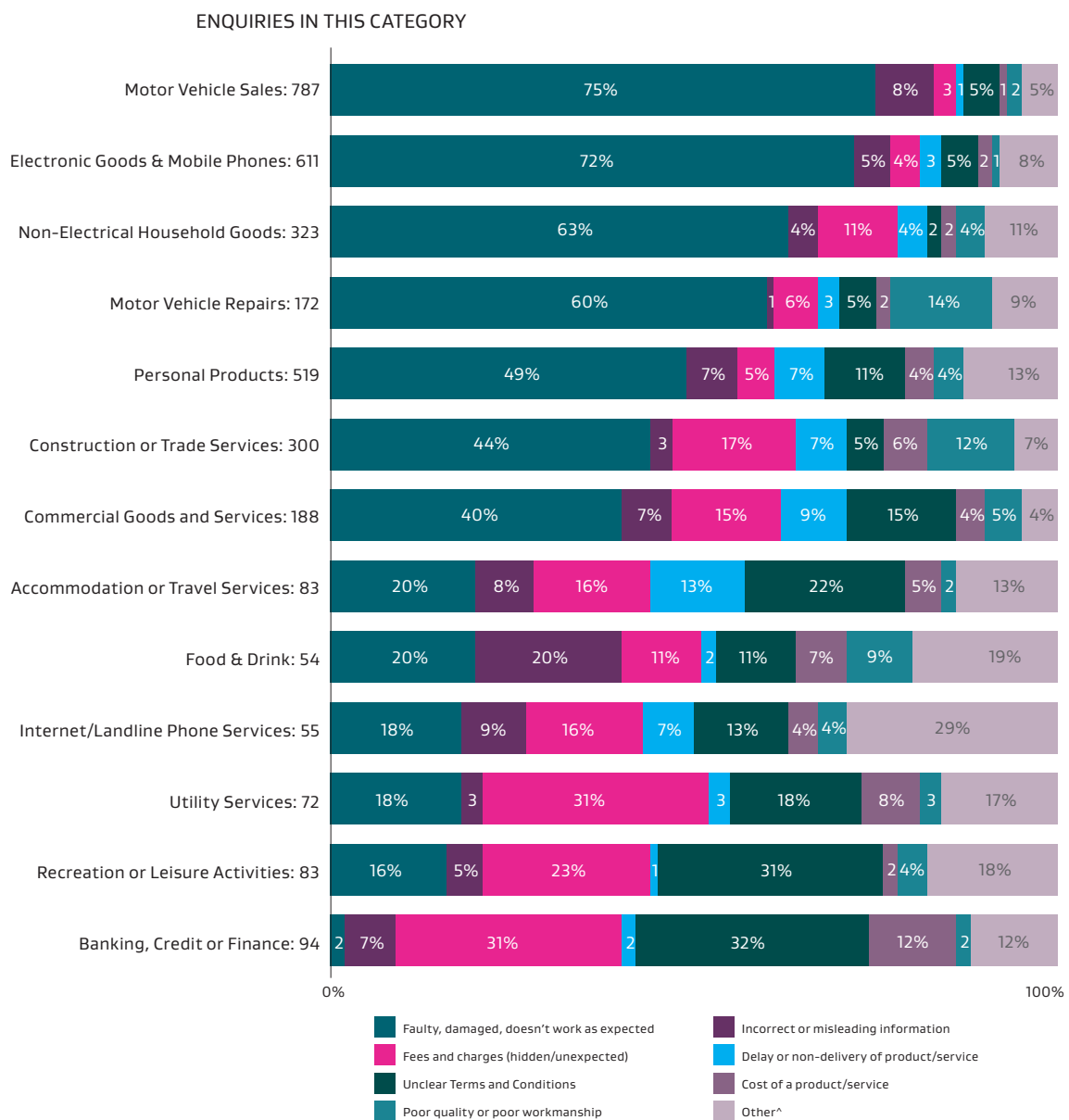
- There was little change in the proportion of enquiries by purchase method this quarter.
- Direct sales experienced a slight increase (making up 74% compared to 72% last quarter).

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 2019/20FY



Base: Total enquiries reporting reason for problem (n=3,552)

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, 73%
- ▶ Electronic goods & mobile phones, 74%
- ▶ Non-electrical household goods, 63%.

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, 61%
- ▶ Utility services, 51%.

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

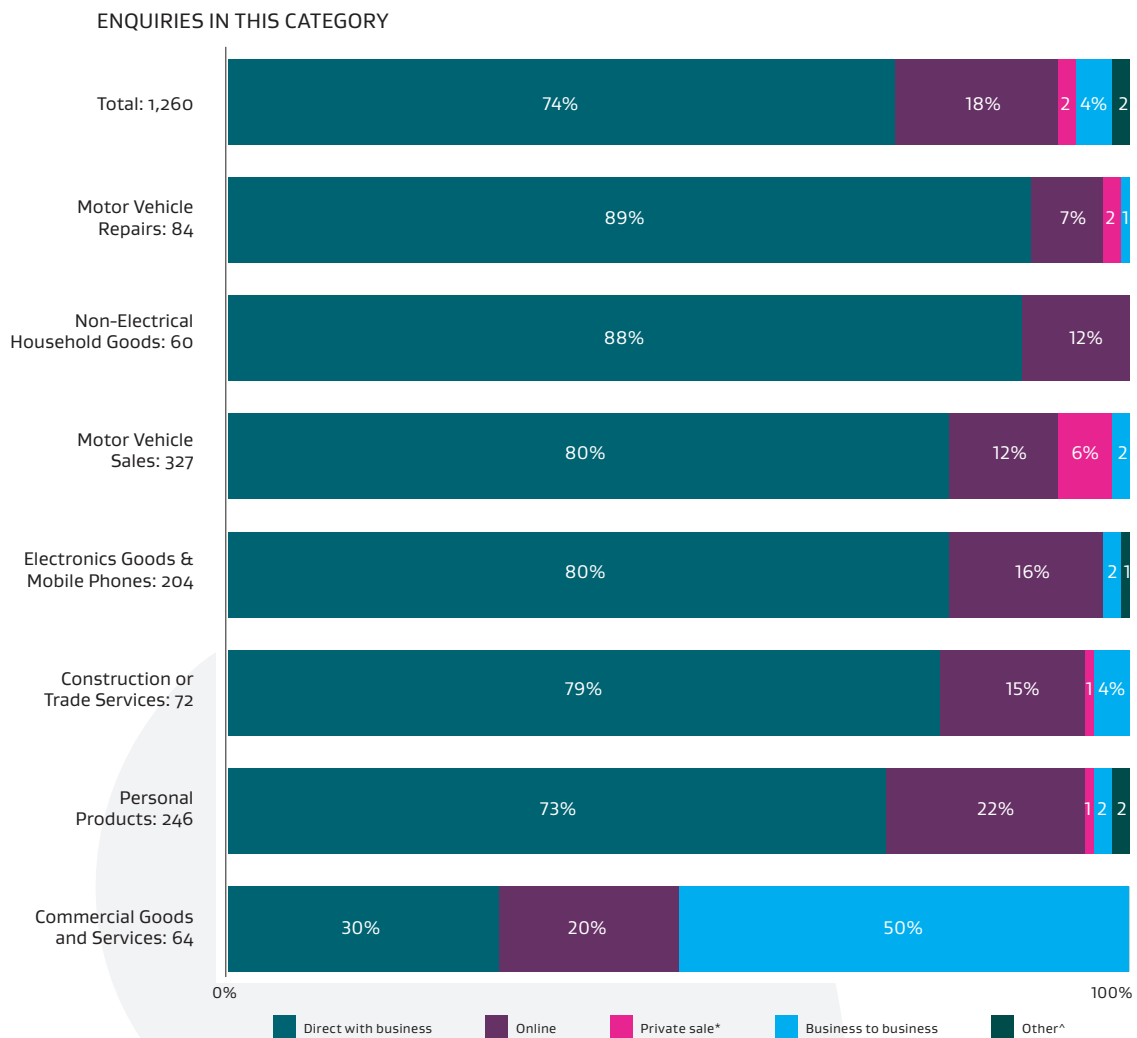
- ▶ Motor vehicle repairs, 14%
- ▶ Construction or trade services, 12%
- ▶ Food and drink, 9%.



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 2019/20FY



Base: Total enquiries reporting purchase method (n=1,260)

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.



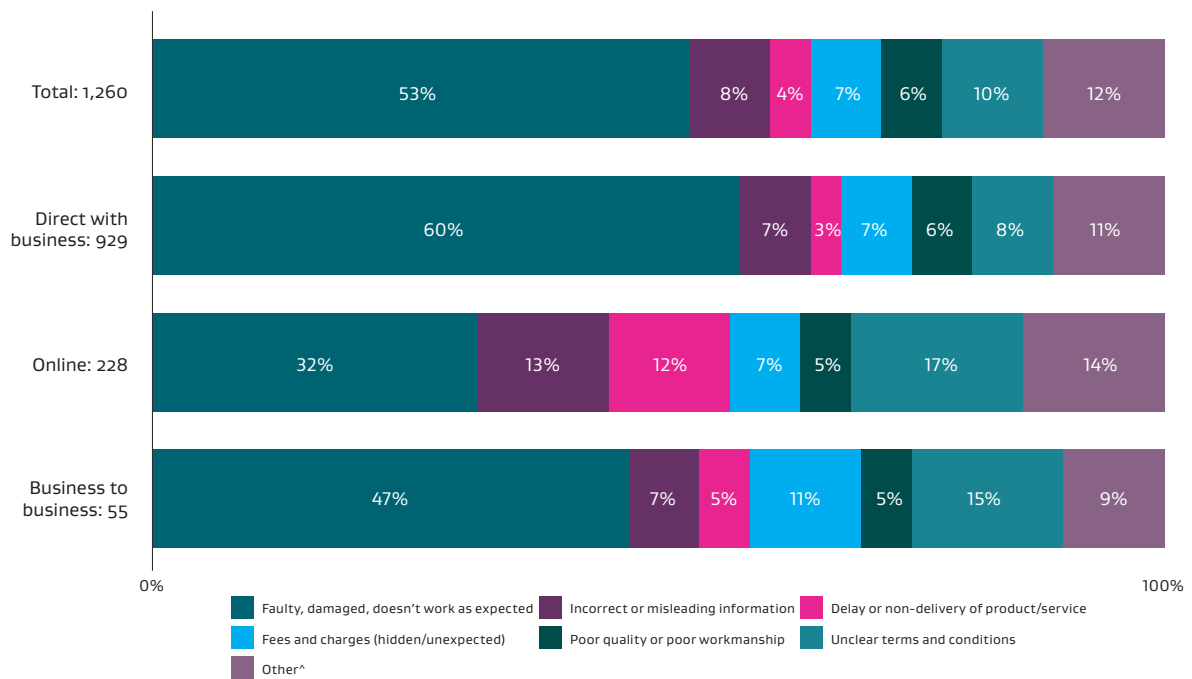
Reporting by purchase method: Issue breakdown

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

- ▶ 'Faulty, damaged, doesn't work as expected' is the most common issue for purchases across all methods.
- ▶ Purchases made online have a much broader spread of issues than direct sales.

Figure 7: Issue breakdown by purchase method, Q1 2019/20FY

ENQUIRIES IN THIS CATEGORY



Base: Total enquiries reporting purchase method (n=1,260)

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

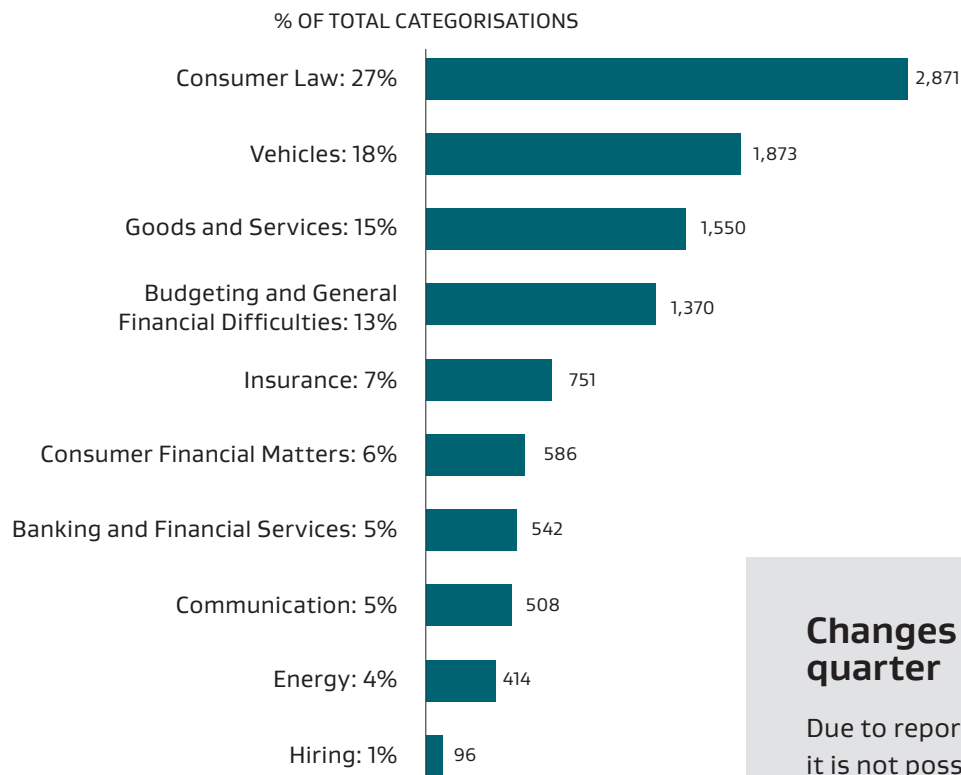
Enquiries to Citizen's Advice Bureau

Sixty percent of all assigned enquiry categories related to consumer law, vehicles, and goods and services. Due to CAB reporting changes it is not possible to make comparisons to the previous quarter.

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 2,871 times), making up 27% of all categorisations (figure 8). The next largest were vehicles (18%), goods and services (15%), and budgeting and general financial difficulties (13%).

Figure 8: CAB enquiry categorisations by aggregated category, Q1 2019/20FY



Base: Total categorisations (n=10,561)

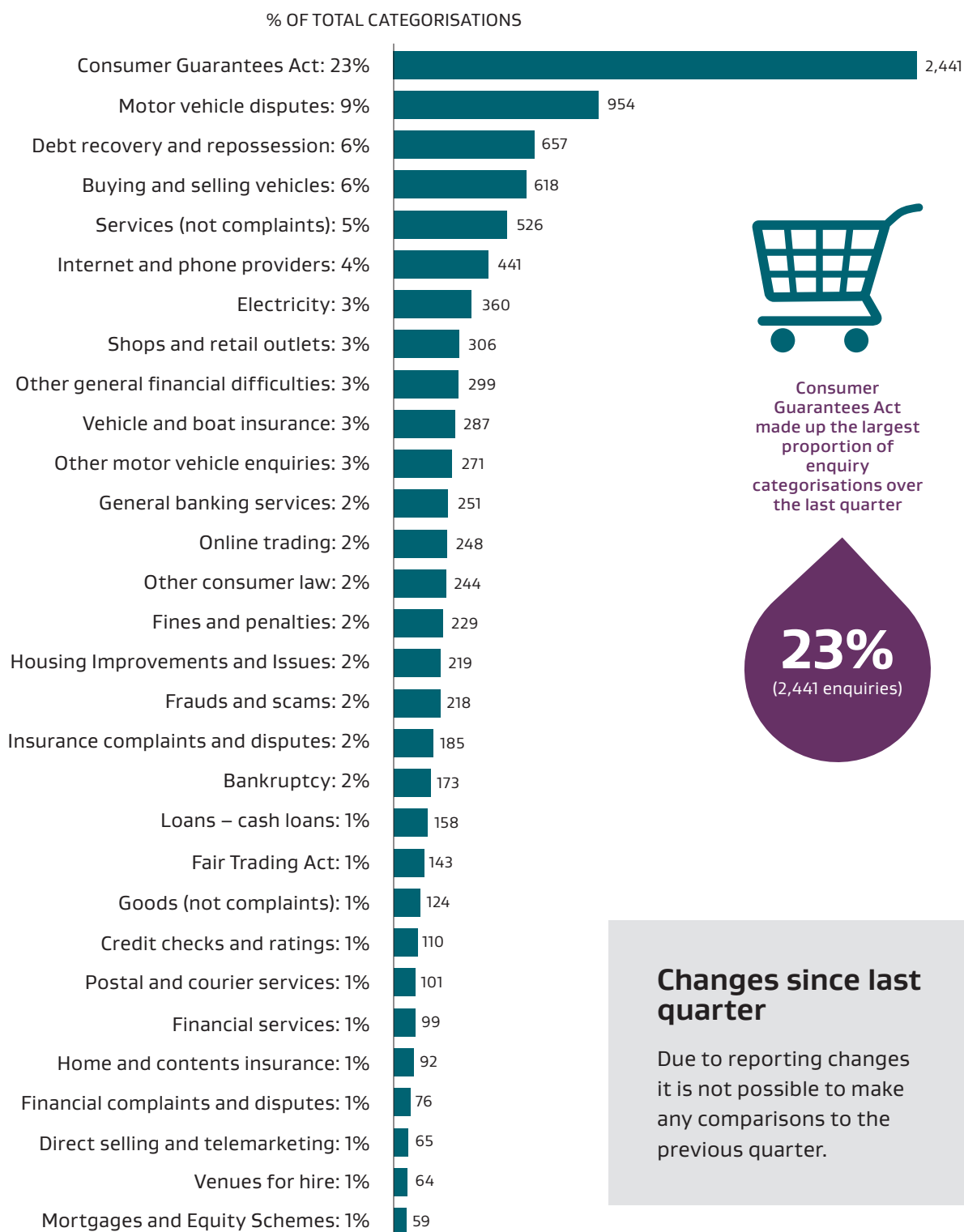
Changes since last quarter

Due to reporting changes it is not possible to make any comparisons to the previous quarter.

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 23% of all enquiry categorisations (n=2,441), motor vehicle disputes 9% (n=954), and debt recovery and repossession 6% (n=657).

Figure 9: CAB enquiry categorisations by detailed category, Q1 2019/20FY



Base: Total categorisations (n=10,561)
Note only categories of 50 or more are shown



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 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 Client enquiries to CAB can be assigned to more than one category so total client enquiries do not equal category total.

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