

THE HAPPY SHOPPER

CONSUMER GOODS AND SERVICES OMBUDSMAN

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The 2015/16 financial year started on a high note with the prescription by the Minister of Trade and Industry, Minister Rob Davies, of the Consumer Goods and Services Industry Code and the accreditation of the Consumer Goods and Services Ombud NPC (CGSO) as the recognised industry dispute resolution body. The official launch of the Code on 29 May 2015 at an event jointly hosted by the National Consumer Commission (NCC) and CGSO marked the beginning of a cooperative arrangement to ensure that consumers receive access to quick and cost-effective redress.

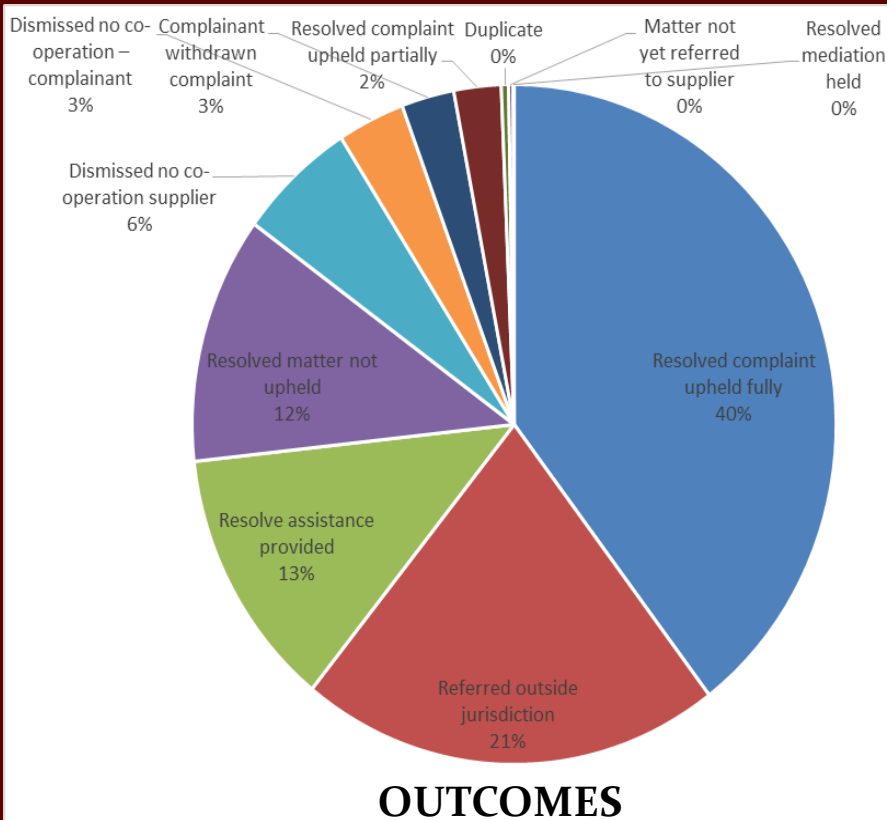
The CGSO is a key roleplayer in providing access to redress in terms of the dispute resolution framework established under the Consumer Protection Act (CPA). CGSO has the function of resolving disputes when resolution through the internal structures of the supplier has failed. Disputes are resolved through mediation or conciliation.

Explaining the role of NCC

The National Consumer Commission (NCC) still has the regulatory role of monitoring consumer disputes per industry and sector dealt with by the alternate dispute resolution schemes such as CGSO to identify endemic, harmful business practices as well as emerging harmful trends for further investigation and prosecution where warranted.

Consumers with unresolved complaints are encouraged to seek the assistance of the CGSO before approaching the NCC, but they nevertheless retain the right to approach the NCC.

The numbers at a glance



Thank you

‘I have been fighting with [the supplier] for five months, ever since I purchased my washing machine and no-one would listen.

I called CGSO and was assisted by a very friendly lady whose name I cannot remember now as I was so angry at the time with [the supplier].

She very professionally listened to me, logged my complaint and explained the timeframe of the query. The very next day ... [the store] fully refunded me... I was so impressed with your company and wonder why didn't I just come to you guys in the first place. It would have saved me so much time and energy and my stress levels would not have been so badly affected.

| Product | Total |
|--------------------------|-------|
| Cell Phones | 951 |
| Services | 795 |
| Furniture | 523 |
| Electrical Appliances | 343 |
| Computer and Accessories | 140 |
| Clothing | 123 |
| Building Material | 110 |
| Hardware Supplies | 54 |
| Food and Beverage | 39 |
| Jewellery | 38 |
| Home Decor | 34 |

Type and frequency of top complaints

CASE SUMMARIES

A tale of two prices

Lowest display price binding

The stock manager refused to hand over a sleeper couch after the complainant paid the displayed price of R2 199.99, saying that the wrong price had been placed on it. The complainant was asked to pay an additional R800 to get the couch.

The common law position that an advertisement did not constitute a binding offer has been altered by section 29 of the CPA, which states a supplier is bound by the price displayed, unless it contains an inadvertent and obvious error.

CGSO concluded that the most logical and workable interpretation of the section is that the sale is concluded when the consumer takes the selected goods out of the trolley or basket and places them on the counter to pay for them.

On the facts, the display price of R2 199.99 was not that much lower than R2 999.99 that it gave rise to an inference that it was an obvious error. Accordingly, the supplier was bound by the incorrect price.

Online price not binding

Over a period of four days, the complainant bought items for a total price of R10 530. The actual value of the goods ordered was R415 500.

CGSO concluded that section 23 of the CPA does not apply to a transaction if section 43 of the Electronic Communications and Transactions Act applies. This Act does not exclude the common law relating to the advertisement of a price.

The supplier was not bound by such a large discrepancy : a reasonable consumer would have realised there was an error and not have been misled by it.

Industry Liaison Committee

Following the inaugural meeting of the Industry Liaison Committee immediately after the Code launch function in May 2015, meetings of the Committee were held separately in Johannesburg and Cape Town to accommodate businesses operating in those respective regions.

Both meetings were very well attended.

For whom the cell tolls

A decision is awaited from the NCC as to whether network providers fall within CGSO's jurisdiction. CGSO continues, however, to deal with complaints arising from the marketing of cellular equipment by participating retailers.

Wisdom from the East

In the online price case above, CGSO considered the judgment of a Singaporean judge:

'If the price of a product is so absurdly low in relation to its known market value, it stands to reason that a reasonable man would harbour a real suspicion that the price may not be correct or that there may be some troubling underlying basis for such a pricing.'

| How Did You Hear About CGSO | Total |
|----------------------------------|-------|
| NCC | 911 |
| Internet | 583 |
| TV | 253 |
| Friend | 155 |
| Legal Advisor | 82 |
| Radio | 78 |
| Supplier | 77 |
| Consumer Goods Council SA | 61 |
| Newspaper | 56 |
| Office of the Consumer Protector | 49 |
| Other | 36 |
| Other Ombud | 32 |
| Relative | 17 |

It is disappointing to note that only 77 complainants said they were referred to CGSO or informed of its existence by the supplier against which they had complaints. It is not surprising then that such a high percentage of dissatisfied consumers first approached the NCC, thus protracting the process. Now that the Code is law, CGSO will ensure that suppliers inform consumers about the Code and of their right to approach CGSO, as well as provide the contact details of the CGSO.

Increase in number of registered participants

As a result of the combined efforts of CGSO and Trifecta Capital, the number of registered participating businesses and groups rose from the 24 founding members who registered before the Code was passed to a total of 189.

Cancellations

Future losses

Regulation 5(2) appears to permit the inclusion of future losses in a cancellation penalty. This interpretation may be beyond the scope of section 14(3)(b)(i), of the CPA, which refers only to the imposition of a reasonable cancellation penalty for any goods supplied, services provided or discounts granted to the consumer in contemplation of the agreement enduring for its intended fixed term.

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