

THE HAPPY SHOPPER

CONSUMER GOODS AND SERVICES OMBUDSMAN

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EVALUATION OF EFFECTIVENESS

The dti has informed CGSO that it intends shortly to commission an evaluation of the effectiveness of CGSO as an alternative dispute resolution agent between consumers and suppliers in the industry .

This news has serious implications for CGSO and the Consumer Goods and Services Industry. If CGSO does not pass muster, it will run the risk of having its accreditation as the official dispute resolution body for the industry under section 82 of the Consumer Protection Act revoked.

Not only would this reflect poorly on the industry but it would mean that the National Credit Regulator (NCC) would have to re-assume the role of dispute resolution. It will be recalled that there was some criticism of the process when the NCC previously performed this function. Further, NCC's focus is on dealing with contraventions of the CPA whereas the CCSO focuses on resolving individual disputes and restoring business relationships.

Criteria for evaluation

Section 82 refers to:

- the effectiveness of any industry code relative to the purposes and policies of the CPA; and
- the requirement that the ombud scheme is adequately situated and equipped to provide alternative dispute resolution services comparable to those generally provided in terms of any public regulation.

In order to gauge compliance with these requirements, the evaluator will need to benchmark the performance of entities such as the financial sector ombuds and the Ombud for Financial Services Providers.

Could Do Better

In preparation for the imminent evaluation of its effectiveness, CGSO has indulged in some honest introspection and concluded that it is vulnerable to criticism in three areas:

- Turnaround times
- Participant level
- Compliance by suppliers

The biggest problem area at present is **turnaround times**.

The Code requires that cases be finalized in 60 business days, failing which they must be referred to NCC. The CGSO board has imposed a tighter deadline of 45 days as a KPI for CGSO.

At present, the **average** time taken to resolve a complaint is 72 business days. This is obviously unacceptable.

Possible solutions include:

- Refer cases over sixty business days old to the NCC as we are supposed to be already doing in terms of the code;
- If complaints are not resolved in a timely manner, formally conclude that there is no reasonable probability of the parties

resolving their dispute through the process provided for and terminating the process by notice to the parties as per section 70(2) of the Consumer Protection Act;

- Name-and-shame (publish a league table). The CGSO board has instructed management to do this. We propose however to delay doing so in the hope that all suppliers cooperate in clearing older cases. For now we will instead acknowledge the brands with the best turnaround times (see back page);
- Request the management of all participants to internalize the Code timelines in the form of KPIs;
- Appeal to suppliers to cooperate by responding to us in the time periods provided for in the code.

The last mentioned solution is the one that we would prefer as the first two would create more work for CGSO's already overburdened staff members. Naming-and-shaming might have the unintended result of the media criticising the performance of the CGSO.

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Clearance Sale

We appeal to all suppliers to assist us by reviewing all their open complaints with a view to taking a business decision to settle them and ask that the suppliers do this during the course of October 2016.

From our side, we are happy to sit down with suppliers and go through the list of outstanding cases to suggest which ones we believe have merit and to discuss which ones should be closed by CGSO with an explanation to the consumer.

Hopefully suppliers have by now realized from reading our published decisions that we adopt a fair and reasonable approach when provided with a full and properly motivated response by a supplier.

Let's work together.

Could Do Better

(Continued from p.2)

Participation level

A mere 24 businesses/ groups had signed up with CGSO before it became compulsory to do so under the code in April 2016.

Approximately another 220 have joined since then but this falls very far short of the number of businesses that form part of the supply chain that directly or indirectly contribute to the ultimate supply of goods or services to a consumer and are obliged to join. Far too many businesses have chosen to flout the law.

Government is likely to see this as a red flag- Industry asked to be allowed to regulate itself but is doing so in a half-hearted manner.

Judging by what is happening in the financial sector, if the Government is not satisfied that CGSO is working, it will not merely stand by but will intervene with draconian regulation, with major cost and other implications for the Industry .

CGSO has resisted taking legal action against offenders up to this point as it would be unseemly for the industry to appear to be attack-

ing itself but CGSO is increasingly under pressure to do so from the suppliers who have registered and are bearing CGSO's operating costs.

CGSO appeals to participating suppliers to put "peer pressure" on their supply chain partners to do their bit.

Compliance by suppliers

A growing number of suppliers do not cooperate with CGSO in its attempts to resolve their consumer's complaints.

The NCC has agreed that CGSO should report details of all such cases to it and has undertaken to make an example of an offending business.

JURISDICTION:

B to B transactions

Some businesses believe that the CPA does not apply to them and they do not need to register with CGSO because they deal only with other businesses and not individual customers. They rely on the threshold referred to in CPA section 5.(2):

This Act does not apply to any transaction...

(b) in terms of which the consumer is a juristic person whose asset value or annual turnover...equals or exceeds the threshold value determined by the Minister [R 2 million].

They are wrong because s.5 (5) provides that even if a transaction is exempt, sections 60 (recall) and 61 (strict liability for defects) apply.

Terminology

Q: What does Supply Chain mean?

A: "Supply chain" means:

The collectivity of all suppliers who directly or indirectly contribute in turn to the ultimate supply of those goods or services to a consumer, whether as a producer, importer, distributor or retailer of goods, or as a service provider.



The benefits of speed

One of the findings of a survey done by Dimensional Research was that “customer service experiences are judged more on the timeliness of the interaction than on its final outcome.”

69% of customers attributed their good customer service experiences to a quick resolution of their problems.
www.forbes.com

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Best Practice in turn-around times

BRAND	AVERAGE DAYS TO CLOSE
Pick ‘n Pay	24
Woolworths	26
Massmart	33

Tail Piece

Your most unhappy customers are your greatest source of learning.”

Bill Gates

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