

# CGSO STAKEHOLDER NEWSLETTER

2nd Issue 2017



CONSUMER GOODS  
& SERVICES OMBUD

*Fairplay between consumer & supplier*

## CGSO APPOINTS ACTING OMBUDSMAN

On 31 May 2017 the CGSO reluctantly accepted the resignation of Advocate Neville Melville who has diligently and excellently served as the Ombud for the past four years.

To ensure continued organisational stability and compliance with the Industry Code of Conduct, the Board appointed Ms Magauta Mphahlele as Acting Ombudsman.

Ms Mphahlele has served as the Chairperson of the CGSO for more than two years and is well placed to ensure a smooth transition as well as steer the organisation through the transitional period until a new Ombudsman is appointed.

### About Ms Mphahlele

Ms Mphahlele has extensive experience in complaints handling, mediation and adjudication, having served as a member of the National Consumer Tribunal, the Gauteng Rental Tribunal and Gauteng Consumer Court over a combined period of ten years.

She also played a leading role in steering the Consumer Protection Act and the National Credit Act through Parliament when she was the Project Manager for Law Reform at the Department of Trade and Industry.



Ms Mphahlele

### Word from Ms Mphahlele

“On behalf of the CGSO Board and Staff Members I would like to extend our gratitude to Advocate Melville for his excellent contribution in developing the CGSI Code, setting up the CGSO office and building it up to what it is today. We wish him well in his new position as the Ombudsman for NET1.

“As you will see from the reports below, the CGSO continues to work hard to achieve its mandate and my role will be to ensure that we continue to achieve excellent results until a new Ombud is appointed.”

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Ouma Ramaru: Call Centre Supervisor/ Media Liaison

### Consumer Outreach

The CGSO is passionate about increasing awareness of the rights and responsibilities of consumers, and the role of the CGSO. In order to stretch our limited budget, we partner with Provincial Consumer Affairs Offices (PCA), other Ombuds, the NCC, and allied Regulatory Institutions in hosting awareness workshops, exhibitions and conferences.

### Provincial Collaboration

In the reporting period, two workshops were held on 20 and 21 April 2017 in Cradock and Kei Mouth, in collaboration with the PCA Eastern Cape.

### National Television

The office regularly participates in an investigative reality consumer awareness show (SPEAK OUT) to give expert opinion on complaints within our jurisdiction. For the reporting period CGSO participated in six episodes.

We also participated in one episode of SABC 1's – Yilungelo Lakho, a consumer education show.

CGSO also participated in 14 interviews on the following national & community radio stations:

- Metro FM, Motsweding FM, Phala-phala FM, Ukhozi FM, Ligwala-gwala FM, Tru FM, North-West FM

### Print Media Engagement

The CGSO addressed various topics in The Star, The Witness, Vrouekeer Magazine, Huisgenoot and YOU Magazine. The topics covered were:

- World Consumer Rights Day
- Pre-Order/Advance Bookings and Cancellations
- Time Share
- Defective Goods
- CGSO mandate
- Tow Trucks
- Plumbing
- Online Orders and
- Dating Sites

## HELP LINE STATISTICS

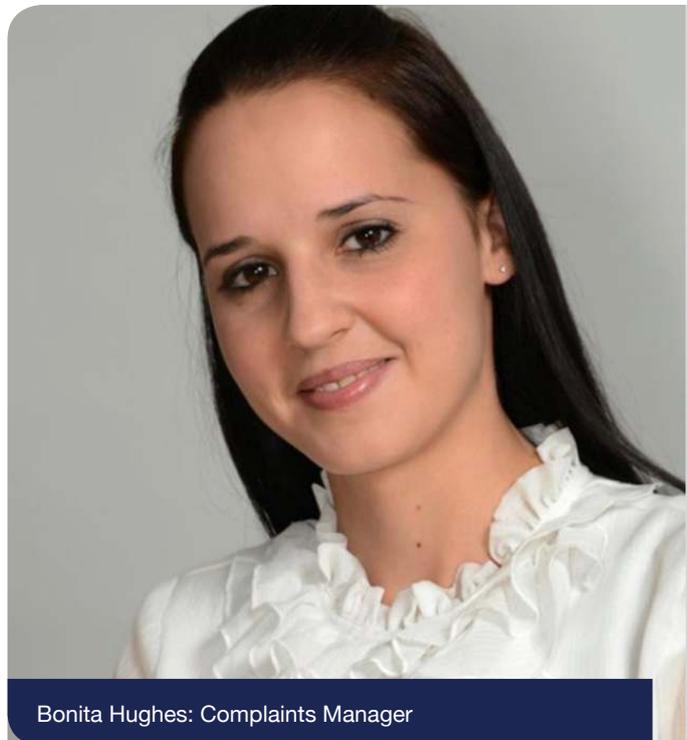
For the period April 2017 to June 2017 we received 6165 external calls which translates to 2 055 calls per month.



## Top Ten Complaints

The top ten complaints are listed below with the top three relating to defective goods, contract cancellations and quality of services.

Nature	Total
Goods, Defective within 6 months	213
Agreement, Cancellation	232
Service, Not of Expected Quality	173
Service, Overcharged	127
Services not provided on time	87
Delivery, Not on Time or Reasonable	80
Agreement, Not as per Contract Terms	63
Other Services	54
Goods, Defective after 6 months	75
Delivery, not as per Order or Requirements	71



Bonita Hughes: Complaints Manager

## Improving Participant Complaint Handling

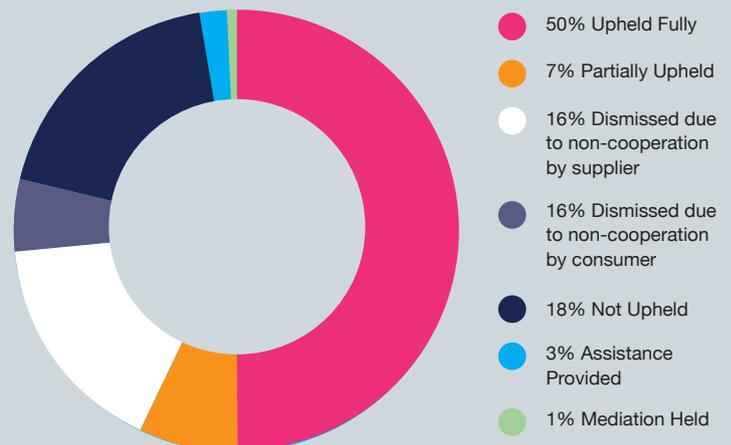
### Processes

The CGSI code requires us to ensure that participants improve their complaints handling procedures and policies. To assist participants in this regard we hold meetings with those participants that generate the most complaints and provide them with their complaint statistics as well as highlighting areas that require attention.

Part of the discussion includes devising means and strategies to ensure that participants meet the complaint turnaround requirements.

We also offer training on the Code and the CPA. If you would like us to run a workshop for your complaints handling staff, please send a request to Ms Ouma Ramaru at [oumar@cgso.org.za](mailto:oumar@cgso.org.za)

## Outcome of Complaints



## Cases



## Complaints Statistics

The CGSO continuously strives to improve its complaints-handling procedures and turnaround times in order to provide consumers with access to effective and efficient redress.

The growing number of consumer complaints received by our office is due to a combination of our successful outreach programme, coupled with an increase in the number of participants.

Kudos must go to participant suppliers who are committed to informing their customers of their right to approach the CGSO, should they have a dispute which has not been resolved. This is an obligation that participant suppliers are required to comply with in terms of the Consumer Goods and Services Industry Code.

From January to June 2017 we received 3269 complaints, an average of 544 per month.

We are pleased to note that it takes an average of 43 days to close a case. This is well below the target of 60 days set by the Code.

# CASE STUDIES

## Blender Blunder

The complainant ordered a blender online. After receiving the blender the complainant informed the supplier that it is defective. The blender was returned to the supplier who then arranged for it to be inspected by the manufacturer. The supplier then delivered a new blender to the complainant.

The complainant advised that she did not want a new blender but would prefer a refund.

The supplier was informed that:

Section 56 of CPA imposes a built-in or automatic warranty (commonly known as a guarantee) that all goods sold comply with the requirements listed in Section 55, namely:

- (a) They are reasonably suitable for the purposes for which they are generally intended;
- (b) They are of good quality, in good working order and free of any defects;
- (c) They will be useable and durable (will last) for a reasonable period of time;
- (d) They comply with the Standards Act/ other public regulations; and
- (e) They are reasonably suitable for the specific purpose that the consumer has informed the supplier that the consumer wants to use them for.

If the goods are not suitable for the purposes for which they are intended or otherwise fail to comply with the requirements listed in Section 55 (above), the consumer is entitled to return them, at the supplier's risk and expense and without penalty, and:

- (a) Have the item(s) repaired; or
- (b) Have the item(s) replaced; or
- (c) Get a full refund of the price paid.

This choice is at the direction of the consumer and a supplier cannot insist on replacing the goods if the consumer elected to get a refund.

The supplier then arranged to collect the goods and refunded the complainant in full.

Feedback from the complainant:

"I will definitely recommend CGSO to family and friends... they were professional and respectful and helped to have my complaint resolved as soon as possible.

"I am more than happy with the outcome. The complaint took a while to finalise but never did they stop following up and when the supplier refused to understand my claim, they were sharp on the point and always reminding them what the initial issue was. I was treated with the highest respect and professionalism."

## Timeshare Points

The complainant entered into an agreement to purchase additional points on her timeshare portfolio. The agreement was entered into in December 2015. The complainant paid a deposit of R15 000.00 and subsequently paid a monthly instalment. The complainant laid various complaints during 2016. According to the complainant she was not receiving what was offered by the sales consultant and she was not being assisted by the supplier in order to enjoy her full benefits in terms of her portfolio.

After getting no joy from the supplier she decided to lodge a complaint with the CGSO. The supplier apologised for the complainant's service experience. They further advised that the unfortunate incident must be seen as an exception and not as the norm. The supplier strives to be exceptional at everything they do and they rely on feedback from their members to tell them how they are doing.

They value the complainant's membership and would, therefore, like to re-affirm their commitment to their member. They will endeavour to assist her with any reservation request or other queries that might arise pertaining to her membership. They further explained how the service works and what they will do to ensure the complainant receives the benefits.

The complainant was not happy with this response saying she has been a member for nearly 20 years and that she is fully aware of how the process works. The supplier has not addressed the fact that she has been misled and that they failed to assist her for more than a year.

The supplier then, after meeting with the complainant, agreed to refund the complainant in full for the upgrade agreement. The amount refunded was R68 610.18



Queen Munyai GM: Corporate Services

## CGSO SUSTAINABILITY AND PARTICIPANT LEVELS

The purpose and intent of the Consumer Goods and Services Industry Code of Conduct can only be achieved if the organisation is well resourced and supported by participants.

As GM Corporate Services, my main role is to ensure the sustainability of the CGSO by increasing the level of participation and the collection of contributions from participants.

I am pleased to report that we are well on our way to breaking even and building enough reserves to consider a reduction in participation fees in the next financial year.

The number of participants has grown from 24 Founder Participants, to 663 by the end of June 2017. We are grateful to all our participants who continue to sign up and pay their contributions as well our Founder Participants who have ensured the sustainability of the CGSO from inception.

We are aware of entities that should be participating but are not. In order to identify and sign up new participants, we have appointed Trifecta Capital to assist us with this task.

From a compliance perspective, we are in continuous talks with the NCC to work on strategies to enforce compliance with the Code as it is a contravention of section 82(8) of the CPA if any entity operating within the industry and bound by the Code fails to comply with the Code.

## Number of Participants as at 30 June 2017

Level of Participation	Number
Group 1	42
Group 2	22
Group 3	17
Group 4	426
Group 5	100
Group 6	56
<b>TOTAL</b>	<b>663</b>

## Customer Surveys and Testimonies

The CGSO recently introduced customer surveys in order to improve on our customer service and to ensure that we align our service in accordance with customer expectations.

In 50% of the cases we worked on, the outcome was in favour of the consumer. This excludes 457 cases that were outside of our jurisdiction or were withdrawn by the complainant. In 25% of the cases the complaint was partially upheld, or the consumer assisted. In cases where the consumer was assisted the matters related mainly to administrative issues and lack of proper information provided to the consumer.

# NCC TIMESHARE INQUIRY



As our stakeholders and participants are aware, the National Consumer Commission has initiated an inquiry into the Timeshare Industry in terms of section 88(3) of the CPA. As a result, CGSO has been invited to make submissions to the Inquiry. The CGSO will be making both a written and oral submission to the Inquiry during its Gauteng leg.

Since January 2016 to June 2017 CGSO received a total of 173 Vacation Ownership complaints as detailed in the table below:

Nature	Total
Agreements, Cancellation	105
Service, Not of Expected Quality	13
Agreements, Unfair Terms	10
Treatment, Shocking or Exploitation	7
Services, Overcharged	6
Services	5
Services, Not Provided in Time	5
Agreements, Failure to Disclose Terms	5
Agreements, Not as per Contract Terms	4
Bait Marketing	3
Other	2
Marketing, Unfair	2
Marketing, Misleading	1
Disclosure, Not as per Advert	1
Agreements, No Warnings	1
Overselling	1
Price	1
Delivery, Not on Time or Reasonable	1
<b>Total</b>	<b>173</b>

## OUTCOME OF COMPLAINTS

Of those complaints within CGSO's jurisdiction and not withdrawn by complainants, 40% were in favor of the complainants while in 27% of cases assistance was provided to the complainant, the complaint was upheld partially or mediation held. In 22% of the cases there was no co-operation from the supplier. One particular supplier has been reported to the NCC because of worrying trends identified in its conduct and lack of co-operation in resolving complaints lodged against it.

Ombudsman Outcome	Total
Resolved: complaint upheld fully	44
Dismissed due to non co-operation from supplier	25
Resolved: assistance provided	20
Referred outside jurisdiction	14
Resolved: matter not upheld	14
Resolved: complaint upheld partially	9
Complainant withdrew complaint	7
Dismissed due to non co-operation from complainant	7
Resolved: mediation held	1
<b>Total</b>	<b>141</b>

## TIMESHARE INQUIRY DATES

Anyone wishing to make oral or written submissions to the Inquiry should complete the relevant form and submit to the NCC. Participants can request the forms by sending an email to [oumar@cgso.org.za](mailto:oumar@cgso.org.za) or contact the NCC directly at [timeshareinquiry@thncc.org.za](mailto:timeshareinquiry@thncc.org.za)

Below are the location and dates of the Inquiry should you wish to attend.

PROVINCE	VENUE	DATE
Western Cape	Cape Town Lodge	11,12,13 July
KZN	TBC	24,25 July
Mafikeng	TBC	14,15 August
Polokwane	TBC	21,22 August
Eastern Cape	TBC	28,29,30 August
Gauteng	TBC	4,5,6,7 September
Mpumalanga, Free State, Northern Cape	TBC	11 – 27 September

In view of the above CGSO has recommended that the following areas receive attention:

- Detailed disclosure of terms and conditions;
- Duration of contracts and simplified cancellation requirements and procedures;
- Cancellation penalties and fees;
- Limits and disclosure of levies and administration fees;
- Allocation and availability of units;
- Overlaps between the CPA and National Credit Act;
- Penalties for misleading marketing and advice; and
- The outright prohibition of harmful practices.

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