

MEDIA RELEASE

For immediate release

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CONSUMER GOODS AND SERVICES OMBUD (CGSO)

CGSO COMPLAINTS RECEIVED FOR THE 2018/19 REPORTING PERIOD INCREASE BY 47% AND THOSE CLOSED BY 39%

The Consumer Goods and Services Ombud (CGSO) today released its annual report for the period ending February 2019. The report is published in compliance with the provisions of clause 9.2.11 of the Consumer Goods and Services Industry Code which was promulgated by the Minister of Trade and Industry on the 29 April 2015. The Code requires the CGSO to produce an annual report within 6 months of the close of its financial year. The annual report is to be distributed to stakeholders, the National Consumer Commission (NCC) and the public.

The annual report is required to contain the following information:

- 1) Complaint type;
- 2) Business complained about;
- 3) The type and frequency of the complaint;
- 4) How the complaint was resolved;
- 5) Time taken to deal with complaints;
- 6) Type of sanction(s) imposed; and
- 7) Financial statements and audit reports

For the 2018/19 financial year the CGSO call center received 25 744 calls, an increase of 2 855 compared to the previous year, where 22 889 calls were received. According to Ms Ouma Ramaru, the Media Liaison Manager, “the increase can be attributed to the ongoing support that the CGSO receives from our media partners, the fresh launch of our social media campaign on Facebook and Twitter, as well as direct referrals from the NCC”. Of the calls received, 40% were general enquiries, including complaints which were referred to other institutions because they were outside of the CGSO jurisdiction; 28% related to new complaints and 23% were follow ups on existing complaints. The remaining 9% were internal calls.

35% of complainants heard about the CGSO on the internet, 14% were referred by the National Consumer Commission, 11 % by a Friend, 10% by a legal advisor, and 7% by another

Ombud. The rest found out from radio, television, suppliers, associations, provincial offices and other sources.

During the reporting period, the office closed received 8 261 complaints compared to 5 593 in the previous year. This constituted a 47% increase. 7 717 complaints compared to 5 553 in the previous year were closed. “Despite the 47% increase in the number of complaints received, we still managed to reduce the average days it takes to close a complaint from 47 to 45 days” said Ms Magauta Mphahlele, Ombudsman.

The top five business sectors that attracted the most complaints were telecommunications (34%), furniture retail (10%), Appliance Manufacturers/Retailors (10%), clothing retail (8%), and Online (6%). “While the biggest number of complaints emanated from the telecommunications industry, the incidence of complaints following negative experiences as a result of shopping online rose 200%, from 2% in 2017/2018 to 6%. We anticipate that this will be a growing trend as consumers warm up to the ease and convenience of online shopping. She further said Accordingly, this will be an area of focus in the coming where CGSO will assist businesses to operate compliant online enterprises and educate consumers on how to protect themselves when transacting online”.

36% of complaints received related to defective goods, followed by services not up to standard at 32%, agreements at 23% and the remaining related to unfair treatment, lack of disclosure, marketing and health and safety. The top ten products or services complained about are services, cell phones, electrical appliances, furniture, computer accessories, clothing, building material, and footwear.

In 63% of cases there was a positive outcome for the complainants, with 53% being Fully In favour of the Consumer, 6% partially in favour and 4% assistance provided. This excludes cases outside our jurisdiction, no co-operation from complainant, cases withdrawn by complainant, matter not yet referred to supplier and duplications.

“When assessing the outcome of cases, it is important to note that the CGSO does not have adjudicative and binding decision-making powers. Therefore, the positive outcome for consumers is due to acts of goodwill, acceptance of our recommendations, amicable settlements and successful mediation”. said Ms Mphahlele. Where the complaint was not upheld, or no co-operation was received from the supplier, section 70(2) of the CPA requires the consumer to lodge a complaint with the NCC.

During the past financial year, we managed to reduce the average days to resolve complaints from 47 to 45 days. While we always strive to resolve matters in a quick manner, some matters may take longer to resolve considering the complexity and nature of the complaint as well as the level of cooperation by the supplier and the consumer. Considering the number of complaints dealt with during this period we always strive to find a balance between quality and quantity, and we have increased our capacity to be able to maintain acceptable standards of service and maintain the agreed turn around times.

The CGSO is happy to report that over the five-year period, the Participant numbers have grown exponentially from 24 founder members in 2014 to 727 as at 29 February 2019, an 8.8% improvement on the previous reporting period “The CGSO would like to thank industry participants for signing up with us and allowing consumers to escalate complaints to the CGSO when they are not able to resolve complaints at store level” said Ms Mphahlele. “Notwithstanding the year on year growth, it is clear that not all eligible businesses have signed up to the Code, despite it being mandatory for every entity operating within the industry bound by the Code to sign up, unless expressly excluded. We continue to engage industry and refer some of the entities to the National Consumer Commission, especially where there is a clear contravention and disregard of the rights of consumers” said Ms Mphahlele

The CGSO would like to thank all stakeholders for their support as well as the media for providing us with the platform to educate consumers about their rights and responsibilities including how to obtain redress when these rights are transgressed.

About the CGSO

The Consumer Goods and Services Industry Code of Conduct and the Office of the Consumer Goods and Services Ombud (CGSO) is set up in accordance with and accredited in terms of section 82(6) of the Consumer Protection Act, (Act No. 68 of 2008.)

The Code and the CGSO were established to guide industry as to what is considered the minimum standards for conduct expected when engaging with consumers and to assist in resolving disputes that arise between consumers and industry in terms of the Consumer Protection Act.

The Code defines a participant as any entity operating within the industry bound by the Code, unless expressly excluded. We are pleased to report that during the reporting period the number of participants increased from 650 to 668 which is a 2,7 % increase compared to the previous financial year. The participants include most of the large retailers and wholesalers a list of which can be found on the CGSO website, <http://www.cqso.org.za/participant-list/>

In light of the Code having been promulgated by the Minister of Trade and Industry, the Code is enforceable against suppliers, manufactures and distributors in the Consumer Goods and Services Industry. A failure to comply with the Code amounts to a contravention of section 82(8) of the Consumer Protection Act.

Additional information about the Code and the CGSO can be obtained from www.cqso.org.za

ISSUED BY **OUMA RAMARU** ON BEHALF THE CONSUMER GOODS AND SERVICES OMBUD

TEL: (011) 781-2607

CELL: 073 899 9551

EMAIL: oumar@cgso.org.za

CGSO sharecall helpline (0860 000 272)