

Consumer Protection

Consumer Protection Quarterly Report

January – March 2018/19



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Executive summary

This is Consumer Protection's quarter three (Q3) report covering data from 1 January – 31 March 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



CONSUMER ENQUIRIES WERE RECEIVED...
AN INCREASE OF **6%** FROM THE PREVIOUS QUARTER

Top enquiry sectors/areas



PERSONAL PRODUCTS



MOTOR VEHICLES (SALES AND REPAIRS)



ELECTRONIC GOODS



BANKING, BUDGETING, CREDIT OR FINANCE



CONSTRUCTION OR TRADE SERVICES



NON-ELECTRICAL HOUSEHOLD GOODS

Notable changes

- ▶ The largest increases in enquiry numbers were observed in the area of 'motor vehicle sales' and 'personal products' for the MBIE service centre and 'Consumer Guarantees Act' and 'motor vehicle disputes' for CAB
- ▶ 'Personal products' is the only category that has steadily increased each quarter over the last year
- ▶ Motor vehicle sale enquiries and personal product enquiries are at their highest recorded levels since measurements begun back in Q1 2017/18

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 58% 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 'utility services'
- ▶ 'Poor quality or poor workmanship' was most likely to be noted in enquiries related to 'Construction or trade services'
- ▶ Enquiries noting 'cost of a product/service' as issues experienced the largest decrease in enquiries this quarter

Purchase method

- ▶ The majority of enquiries to the MBIE service centre (75%) relate to purchases made through direct sales (either in person or over the phone)
- ▶ Online purchases made up 14% of enquiries, the same level as that observed in Q1 but a decrease from 18% last quarter.



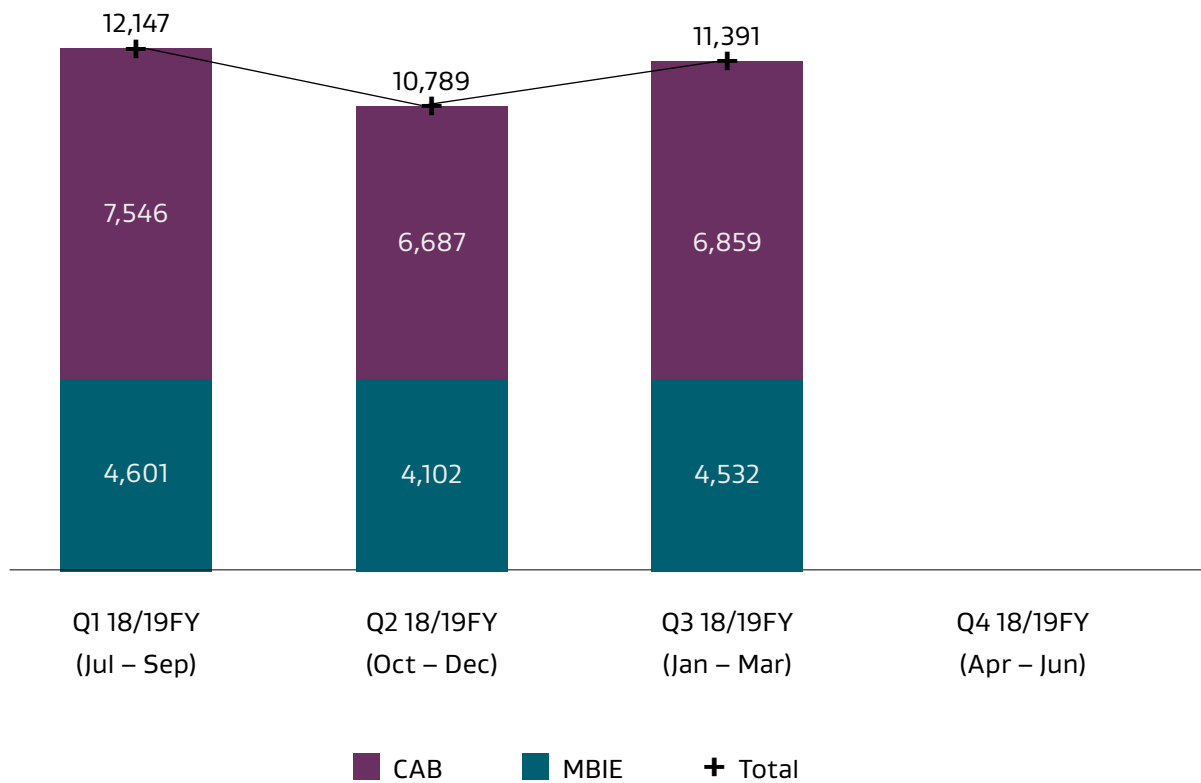
Total enquiries

Between 1 January and 31 March **11,391** consumer enquiries were received by the MBIE service centre and CAB, an increase of 6% from the previous quarter which saw 10,789 enquiries.

Breakdown by receiving organisation

Figure 1 shows the number of enquiries received by each organisation in quarter 3. Total consumer enquiries were higher than the previous quarter which saw 10,789 enquiries. CAB received 60% of enquiries and MBIE service centre 40%.

Figure 1: Total consumer enquiries received by MBIE service centre and CAB, Q1 TO Q3 2018/19FY



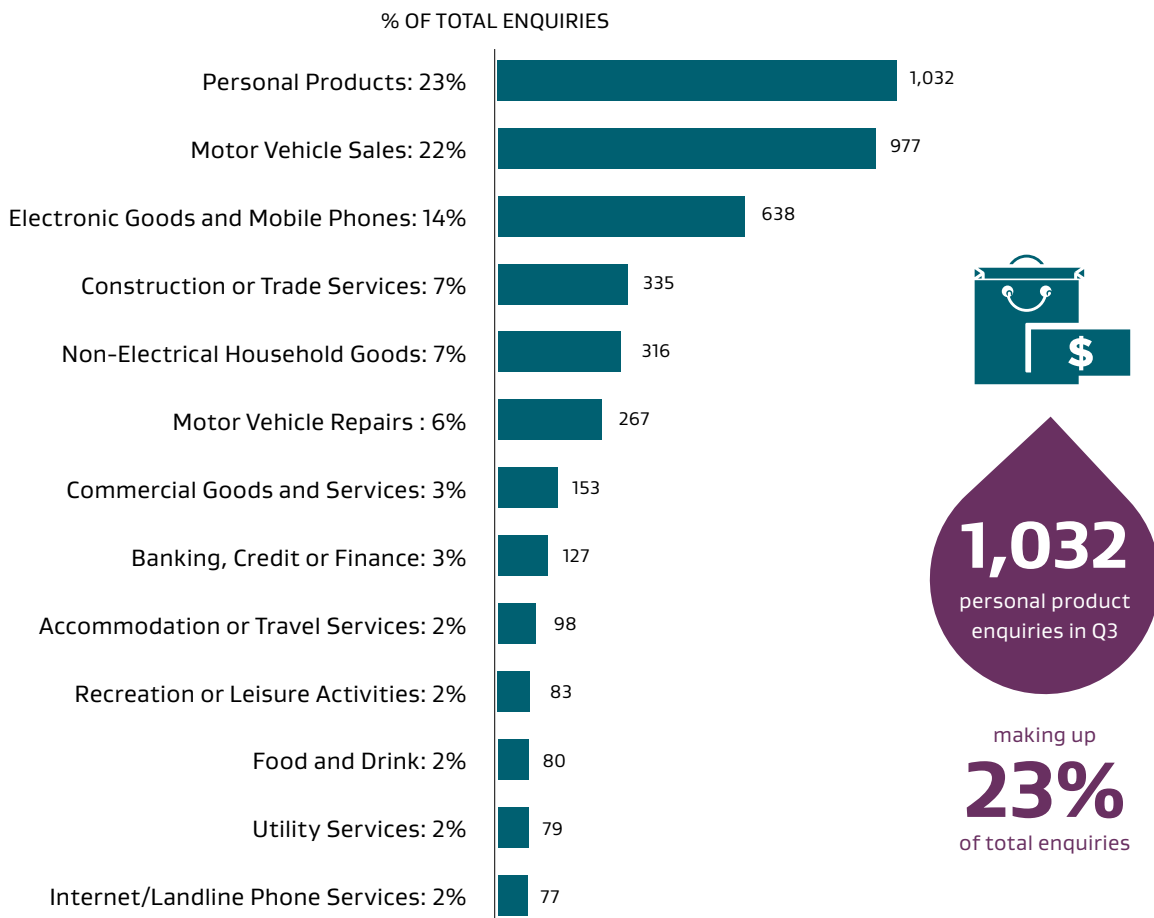
Enquires to MBIE service centre

Between 1 January and 31 March, the MBIE service centre received 4,532 enquires, a 10% increase on the previous quarter (4,102). Just over half (54%) of all enquiries received related to personal products, motor vehicle sales, and electronic goods. The categories 'motor vehicle sales' and 'personal products' experienced the largest increases in the number of enquiries compared to the previous quarter.

Breakdown by sector

Figure 2 shows the total number of enquiries received by the MBIE service centre in quarter 3 by the sector the enquiry relates to.

Figure 2: Enquiries by sector, Q3 2018/19FY



Base: Total enquiries (n=4,532)

Note only categories receiving 50 or more enquiries are shown

The next largest categories were motor vehicle sales (22%), electronic goods & mobile phones (14%), construction or trade services (7%), non-electrical household goods (7%), and motor vehicle repairs (6%).

Businesses frequently mentioned over the last quarter include:

- ▶ Noel Leeming
- ▶ Harvey Norman
- ▶ Spark
- ▶ 2CheapCars
- ▶ 2 Degrees
- ▶ Viagogo
- ▶ Vodafone
- ▶ PB Tech
- ▶ Michael Hill
- ▶ The Warehouse
- ▶ TV shop
- ▶ Wilson Car Park

Changes since last quarter

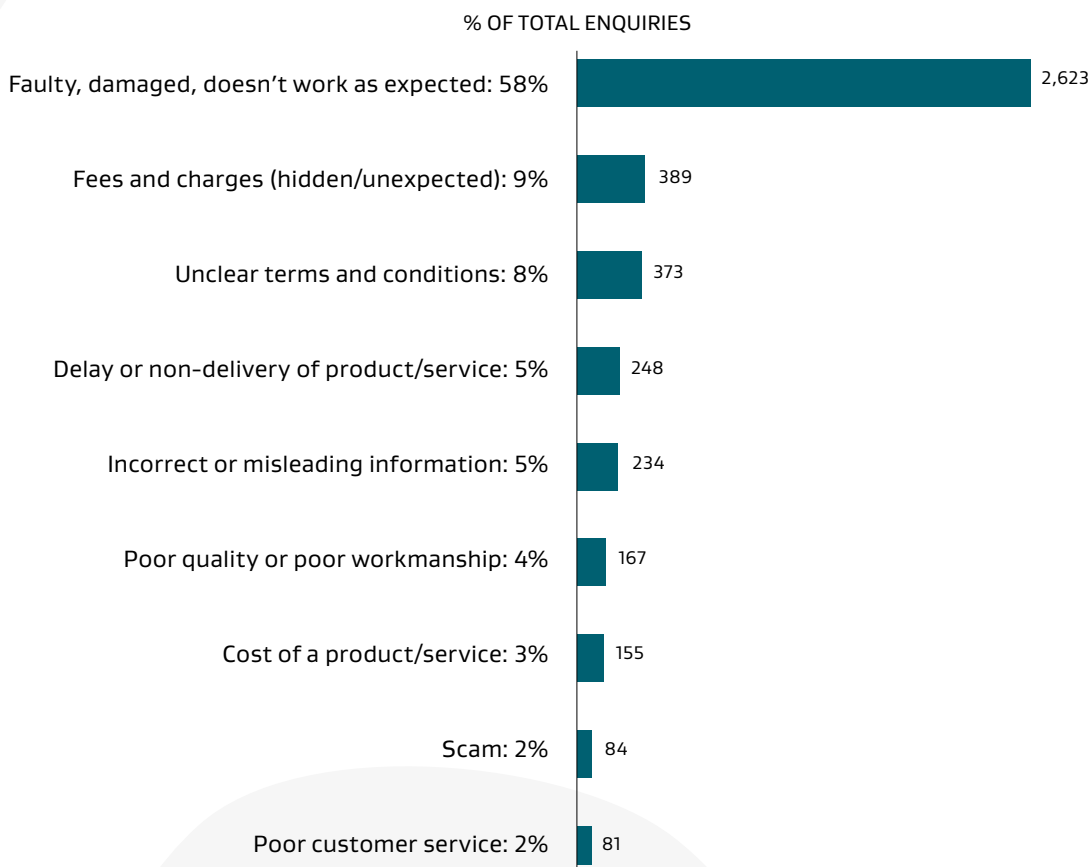
- The total number of enquiries to the MBIE service centre increased by 10% over the last quarter from 4,102 to 4,532.
- 'Motor vehicle repairs' dropped out of the top five sectors and 'non-electrical household goods' moved in.
- All of the top five sectors except 'construction or trade services' experienced increases in the number of enquiries.
- 'Motor vehicle repairs' experienced the largest decrease in enquiries over the last quarter (112 fewer enquiries, a decrease of 30%).



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 58% of all enquiries (figure 3). Just under a quarter of enquiries (23%) 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, Q3 2018/19FY



Base: Total enquiries (n=4,532)

Note only issues receiving 50 or more enquiries are shown

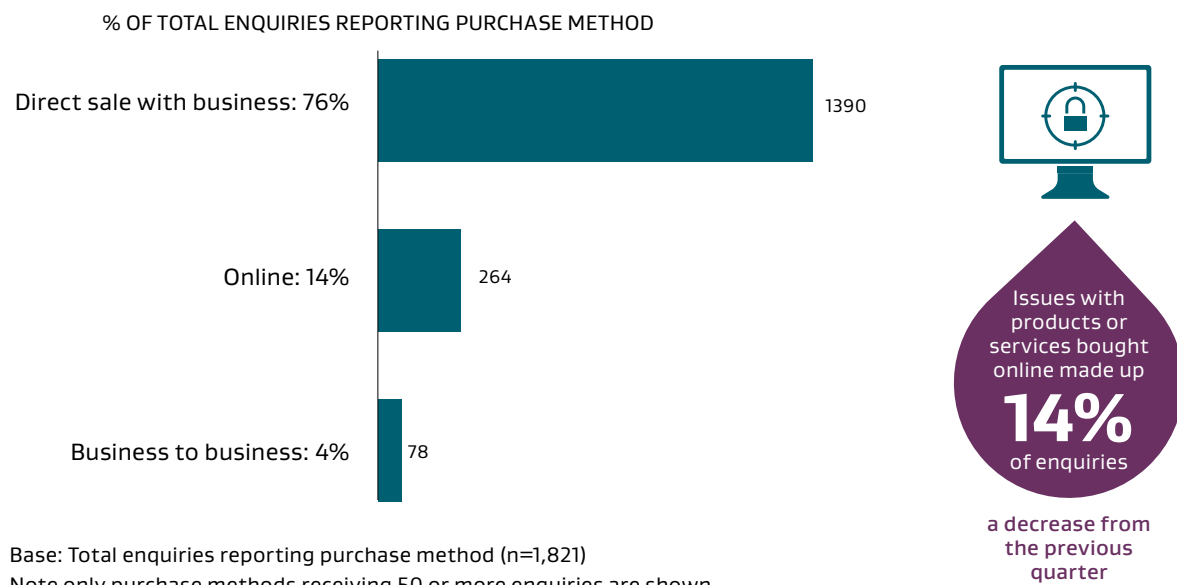
Changes since last quarter

- Slight change to the top five issues with 'cost of a product/service' dropping out and 'delay or non-delivery' moving in and up to fourth.
- 'Faulty, damaged, doesn't work as expected' continues to make up a higher proportion of enquiries (from 49% (Q1), to 54% (Q2) to 58% (Q3)).
- 'Fees and charges (hidden/unexpected)' experienced the largest percentage increase in enquiries, up 56% on the previous quarter (an increase of 140 enquiries).

Breakdown by purchase method

Consumer enquiries spanned all purchase channels,¹ although the majority (76%) was made in person (including at a shop or calling the business directly).

Figure 4: Enquiry by purchase method, Q3 2018/19FY



Issues with products/services bought online made up 14% of enquiries, those through business to business made up 4%, and private sales 3%. Finance agreement or layby made up 1% and those made through uninvited sales (meaning from telemarketers or door-to-door salespeople) also made up 1%.

Changes since last quarter

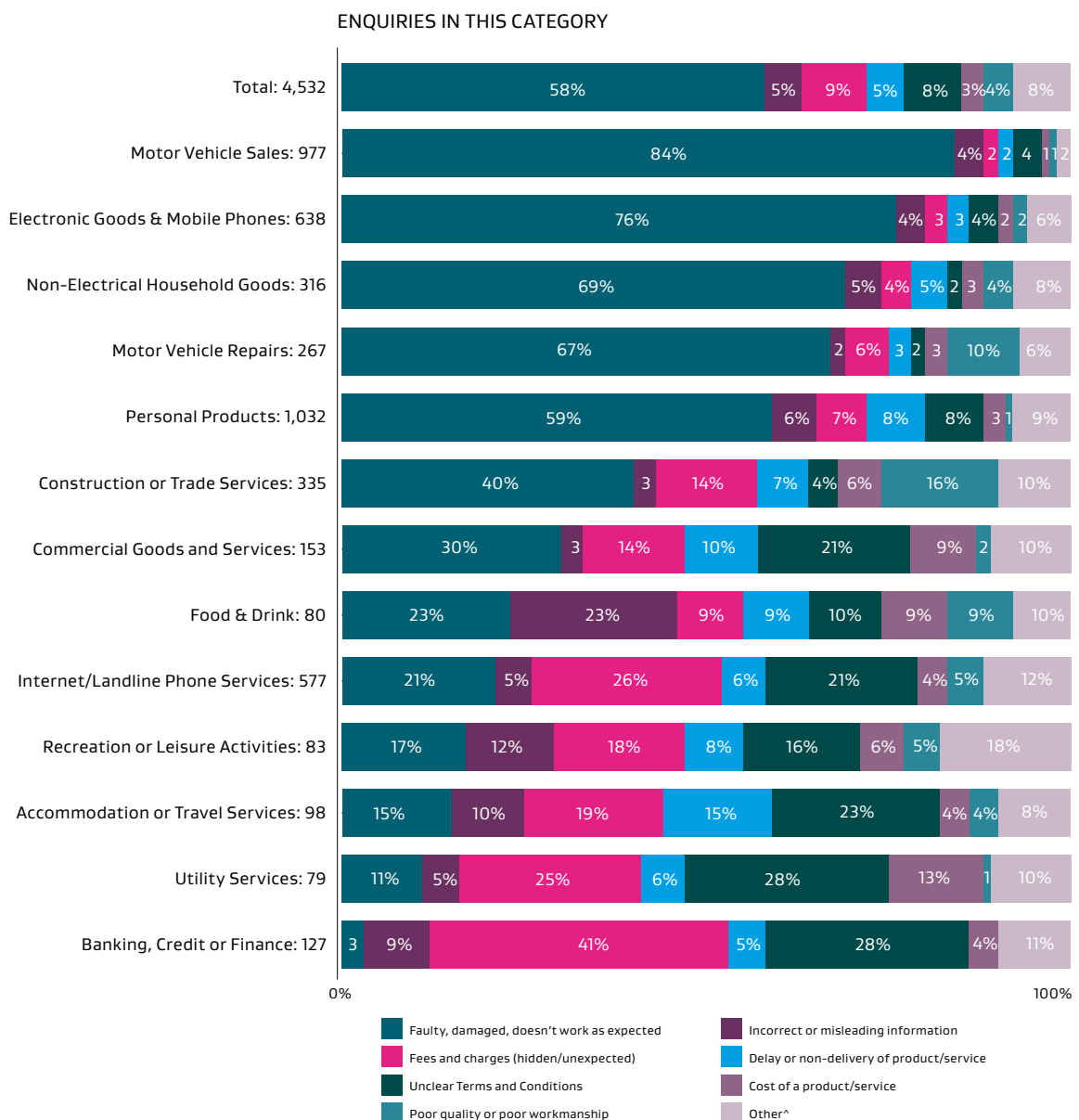
- The proportion of enquiries relating to issues bought online decreased by six percentage points this quarter (from 21% to 14%).
- Direct sales experienced a seven percentage point increase, whereas the proportion of all other purchase methods remained relatively unchanged.

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 3.

Figure 5: Issue breakdown by sector, Q3 2018/19FY



Base: Total enquiries reporting reason for problem (n=4,102)

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, 84%
- ▶ Electronic goods & mobile phones, 76%
- ▶ Non-electrical household goods, 69%.

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, 78%
- ▶ Utility services, 58%
- ▶ Accommodation or travel services, 56%.

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

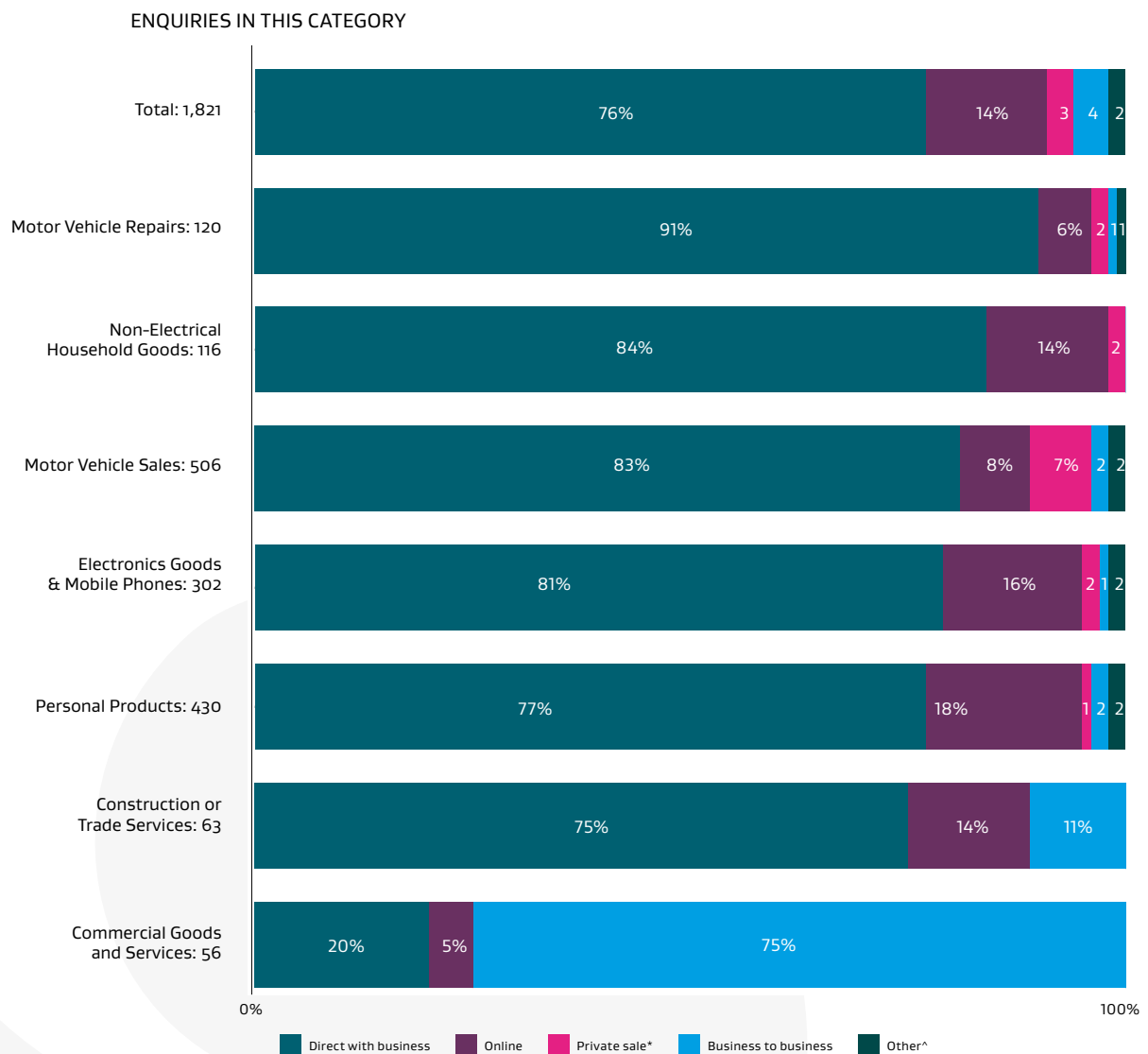
- ▶ Construction or trade services, 16%
- ▶ Motor vehicle repairs, 10%
- ▶ Food & drink, 9%.



Reporting by sector: Purchase method breakdown

Figure 6 shows purchase method breakdown by sector for enquiries received by the MBIE service centre in quarter 3.

Figure 6: Purchase method breakdown by sector, Q3 2018/19FY



Base: Total enquiries reporting purchase method (n=1,821)

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 Accommodation or travel services issues.
- ▶ Private sale was more frequently noted as a purchase method for motor vehicle sales issues.
- ▶ 'Other' methods, notably 'finance or layby' was more frequently noted as a purchase method for banking credit or finance issues.

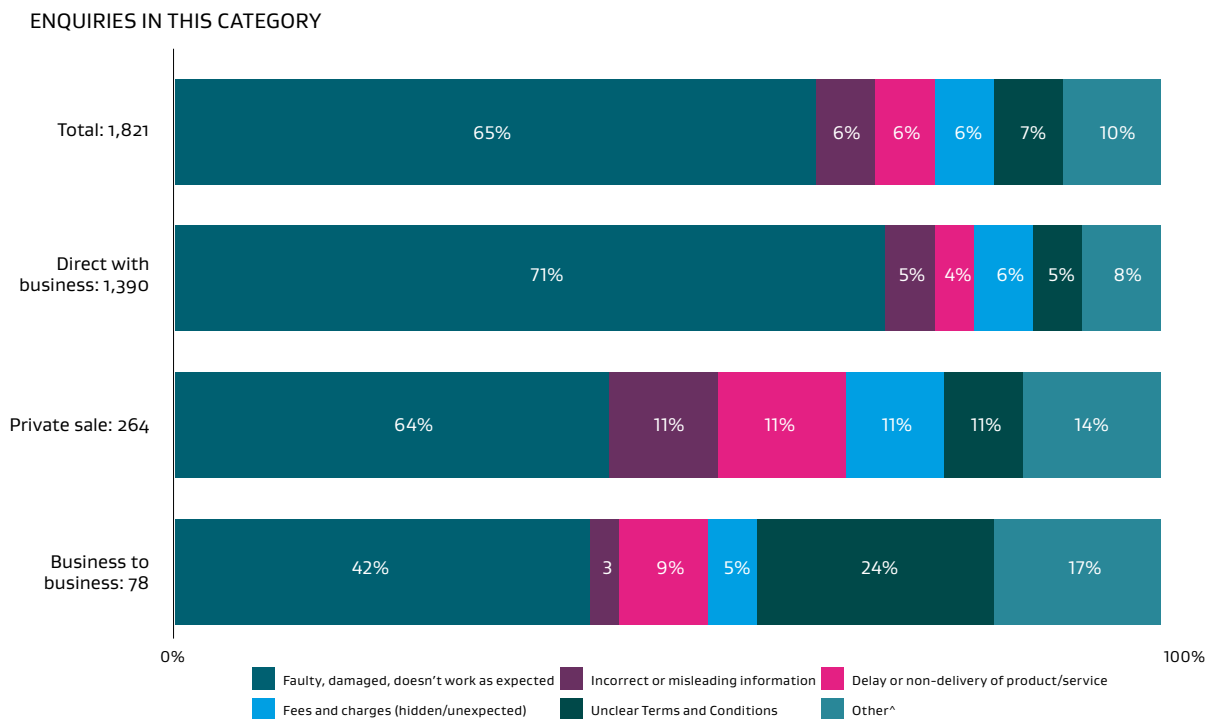


Reporting by purchase method: Issue breakdown

Figure 7 shows issue method breakdown by purchase method for enquiries received by the MBIE service centre in quarter 3.

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

Figure 7: Issue breakdown by purchase method, Q3 2018/19FY



Base: Total enquiries reporting purchase method (n=1,821)

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

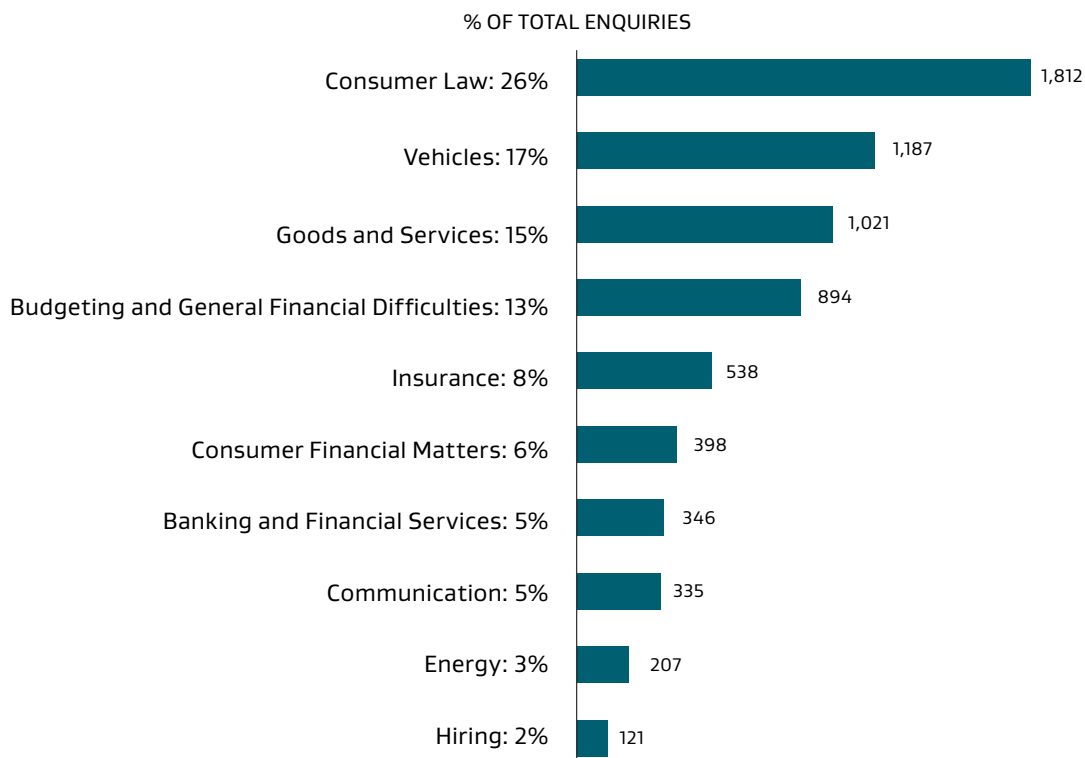
Enquiries to Citizen's Advice Bureau

Between 1 January and 31 March CAB received 6,859 standard enquiries an increase of 3% compared to the previous quarter (6,687). Fifty-nine percent of the standard enquiries related to consumer law, vehicles, and goods and services. Vehicle enquiries experienced the largest increase over the last quarter.

Breakdown by aggregated category

There are 49 categories that consumer enquiries to CAB can be assigned. These are then aggregated up into ten different categories. Enquiries relating to consumer law received the highest number of enquiries (n=1,812) in quarter 3, making up 26% of all enquiries (figure 8). The next largest categories were vehicles (17%), goods and services (15%), and budgeting and general financial difficulties (13%).

Figure 8: CAB enquiries by aggregated category, Q3 2018/19FY



Base: Total standard enquiries (n=6,859)

Changes since last quarter

- The total number of enquiries to CAB increased by 3% over the last quarter from 6,687 to 6,859.
- The top four categories remain unchanged.
- 'Vehicles' had the largest percentage increase in enquiries (up 24%, 226 enquiries), followed by 'insurance' (up 13%, 63 enquiries).

Breakdown by detailed category

Figure 9 shows the detailed categories that consumer enquiries were assigned to in quarter 3. Enquiries categorised as 'Consumer Guarantees Act including complaints about goods and services' made up 23% of all enquiries (n=1,557), motor vehicle disputes 10% (n=687), and services (not complaints) 8% (n=531).



Figure 9: CAB enquiries by detailed category, Q3 2018/19FY



Base: Total standard enquiries (n=6,859)

Note only categories that received 50 or more enquiries are shown

Changes since last quarter

- There was a mix of increases and decreases across categories this quarter.
- 'Consumer Guarantees Act' and 'motor vehicle disputes' saw the largest increase in enquiries, up 136 and 118 respectively.
- The largest decrease in enquiries was for the 'electricity' category, down 82 enquiries. This is the second consecutive quarterly decrease for this category.

About this report

The purpose of this report is to provide the Consumer Protection Team, our Internal Consumer Fora partners, the Consumer Protection 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 Only data relating to Standard enquiries (where staff discuss the enquiry with the client and provide information and options for them, and provide assistance and support for them to follow-up on their options (if necessary)) is analysed in this report.

Service Desk



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