



Ombudsman
Services

The Consumer Ombudsman

Annual Activity
Report for the
Chartered Trading
Standards Institute

October 2015 – September 2016

Introduction to Ombudsman Services

Ombudsman Services (OS) is an independent organisation and we help our members to provide independent dispute resolution to their customers. Each scheme is funded by the participating companies under our jurisdiction. Our service is free to consumers and, with the exception of an annual subscription from Department of Energy and Climate Change (DECC) for the Green Deal, we operate at no expense to the public purse. OS governance ensures that we are independent from the companies that fall under our jurisdiction and participating companies do not exercise any financial or other control over us.

We have in the region of 10,000 participating companies. Last year we received 220,111 initial contacts from complainants and resolved 71,765 complaints. We saw a year on year increase in complaints of 118% between 2013 and 2014 and a further 35% increase between 2014 to 2015. In the energy industry alone we have witnessed a 336% increase in complaint volumes between 2013 and 2015. The company currently employs more than 600 people in Warrington and has a turnover in excess of £27 million.

Our complaints resolution service operates once a company's own complaints handling system has been exhausted and we have the authority to determine a final resolution to each complaint. If a complaint is not for us, or has been brought to us too early, we signpost the consumer and offer assistance. Eligible complaints are then triaged. The simplest can be resolved quickly. However, for the majority of complaints we collect and consider the evidence from both parties, reach a determination and seek agreement. The most complex cases require a more intensive investigation; they may require more information and lead to further discussion with the complainant and the company to achieve resolution. The outcome will be a formal and binding decision.

We are 'Good for Consumers and Good for Business'.

For consumers we offer a free, fast and accessible form of civil justice, with no requirement for legal representation or specialist knowledge. We ensure that complaints are dealt with swiftly in an impartial manner, and we make decisions based on what is fair and reasonable rather than simply the narrow remit of the law.

For businesses, we offer a fast and low-cost alternative to the courts, and make decisions based on expertise in industries. By looking to resolve disputes, we promote brand loyalty and repeat purchasing as well as building reputation and trust. We offer guidance on improving standards of service hence sharpening competitiveness. We go beyond individual complaints to find broader trends which can be a source of innovation.

We provide an efficient and effective means of addressing consumer detriment and building business capability without recourse to the public purse. We take pressure and cost away from the small claims court and legal system.

The Consumer Ombudsman

In July 2015 the EU Alternative Dispute Resolution Directive (the ADR Directive) came into force requiring all member states to ensure that ombudsman or ADR schemes are available in every consumer sector. The Department for Business Innovation and Skills (BIS), the government department responsible for implementing the ADR Directive in the UK, called upon the market to plug the gaps where no ADR provision existed and to coincide with this in August 2015 we formally launched our new portal (<http://www.consumer-ombudsman.org>). The launch of this website was welcomed by BIS and meant that consumers could raise a complaint about a product or service in any sector where there is no existing redress provision - including retail, travel and home improvement.

If a consumer has a complaint about goods or services purchased in the UK post 1 January 2015 (or for online purchases within the European Union) the Consumer Ombudsman may be able to help. Consumers who bring their complaint to us can be certain that they will receive a free, fair and independent service for dealing with their dispute.

In June 2015 Ombudsman Services was approved by the Chartered Institute of Trading Standards to provide alternative dispute resolution services under the Alternative Dispute Resolution for Consumer Disputes (Competent Authorities and Information) Regulations 2015 (the Regulations). As part of that approval, under Schedule 5 of the Regulations we are required to produce an annual activity report which contains the information below:

The number of domestic disputes and cross-border disputes the ADR entity has received.

The Consumer Ombudsman received 6977 disputes. A dispute is defined as, a contact from a complainant into the Consumer Ombudsman to notify us that they have an outstanding complaint they have been unable to resolve with a company that they would like us to independently investigate.

The Consumer Ombudsman contact all companies that they receive disputes about to request that they engage with us to work towards investigating the complaint and reaching a resolution.

Unfortunately, despite this proactive approach we were only able to accept 181 of the 6977 disputes for investigation which equates to 2.6% of total disputes received. The low conversion is a result of companies not engaging with ADR because it isn't a mandatory requirement for them to utilise it if they haven't successfully resolved the complaint using their own internal complaint process. This means many disgruntled consumers are left with no recourse to free alternative dispute resolution.

The cases received are all currently domestic disputes with no cross border disputes recorded.

The types of complaints to which the domestic disputes and cross-border disputes relate.

Complaint Type	Number of Cases
Beauty	5
Business-to-Business	4
Communications	4
Courier and Delivery	56
Customer Service	1
Dining	10
Education	3
Energy	1
Entertainment	1
Events	12
Faulty	1192
Finance	3
Fitness	13
Glazing	69
Home Improvements	274
Hospitality	3
Incorrect bill	191
Incorrect quantity	14
Late delivery	46

Complaint Type	Number of Cases
Letter	1
loan	1
Media	4
Missing item	81
Non-delivery	288
Other	3079
Parking	3
Photography	4
Professional Services	3
Received wrong item	76
Removals	2
Retail	921
Technology	42
Transport	10
Travel and Tourism	38
Utilities	19
Vehicles	503
Grand Total	6977

The number of disputes which the ADR entity has refused to deal with and upon what grounds.

Reason to Refuse	Number of Cases
Not contact trader first	0
Frivolous or vexatious complaint	2
Considered by other ADR provider	4
Complaint outside specified time	95
Value of claim beyond threshold	0
Dealing with the dispute would seriously impair the effective operation of TCO	0
Other (breakdown of details below)	658

Reason to Refuse Category Other	Number of Cases
Commercial decision	2
Member enquiry	1
No evidence of reasonable effort	25
Thought OS was service provider	1
Not within remit	622
Other route to justice	7

The percentage of alternative dispute resolution procedures which were discontinued for operational reasons and, if known, the reasons for the discontinuation

There have been no cases that have been discontinued for Operational reasons.

The average time taken to resolve domestic disputes and cross-border disputes;

The average time taken to resolve complaints is 58 days.

The rate of compliance, if known, with the outcomes of the alternative dispute resolution procedures;

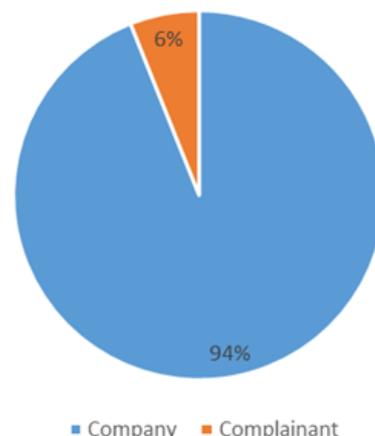
For Consumer Ombudsman we have recorded data regarding 95 remedies which have been complied with out of a total of 127 decisions. The remaining 54 cases that have been investigated are either within the remedy implementation period or we are awaiting a response to the decision from the complainant.

A description of any systematic or significant problems that occur frequently and lead to disputes between consumers and traders of which the ADR entity has become aware due to its operations as an ADR entity and any suggested recommendations to address them;

We have limited amounts of data that we can interrogate to identify any systemic or significant problems because of the low take up from companies to utilise alternative dispute resolution. Therefore, despite us having a lot of contacts from complainants we can't identify specific trends.

Lack of engagement from business with alternative dispute resolution

Cases Unable to be Progressed



Due to this lack of take up by companies OS has been unable to progress 94% of cases and subsequently address the consumer detriment attributed to these disputes due to the company refusing to work with us to resolve the consumer's complaint. However, the potential consumer detriment we have been unable to address due to company non engagement in the vehicle sector alone in the first 8 months of the Consumer Ombudsman operation was approximately £3,830,488. Across all sectors this would equate to tens of millions of un-addressed consumer detriment. These concerns have been highlighted by OS with both CTSI and BIS. OS believe that this is a significant issue and in order to ensure that companies commit to engaging with ADR for

complaints they are unable to resolve it should be made a mandatory requirement under the Regulations.

Lack of signposting by traders

OS undertook a small online survey in 2016 which highlighted that a significant proportion of online companies are not complying with the requirement under Regulations to signpost to an ADR provider. This information was shared with both CTSI and BIS. However, despite Trading Standards being the enforcement body for this requirement it appears very little is being done with regards to monitoring compliance and taking enforcement action against those companies who are non-compliant. This in turn is leading companies to disregard this requirement. In order to address this non-compliance a proactive approach from Trading Standards around measuring compliance and enforcement of Regulations is required in conjunction with an educational campaign for companies around their legal obligations under the Regulations.