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UPDATE

NEWSLETTER OF THE MOTOR INDUSTRY OMBUDSMAN OF SOUTH AFRICA



MOTOR INDUSTRY OMBUDSMAN
OF SOUTH AFRICA

THE ROAD AHEAD

NEW VEHICLE SALES AND EXPORTS – APRIL 2019

36,794

new vehicles sold
in South Africa
in April 2019



That's **0.7%** more than the 36,528 vehicles
sold in the fourth month of 2018

266

More than April 2018

10,893

Less than March 2019

24,989

The number of passenger vehicles sold
in April 2019, up by 935 units or 3.9% on
24,054 vehicles sold in April 2018

TOP 5 EXPORTS



1. VW - **9,272**

2. Mercedes - **8,558**

3. BMW - **5,729**

4. Toyota - **4,819**

5. Ford - **4,030**

TOP 5 SELLERS



1. Toyota - **8,488**

2. VW - **5,961**

3. Ford - **3,465**

4. Nissan - **3,124**

5. Hyundai - **2,428**

Passenger vehicle sales accounted for
67.9% of car sales in April 2019



Light commercial vehicle
sales in April 2019 were
down by 34.6% from
March 2019 and down by
8.1% from April 2018

33,090

vehicles were exported in April 2019

53.8%

Higher than April 2018

10.1%

Lower than March 2019

Supplied by Absa

Source: Naamsa



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MESSAGE FROM THE OMBUDSMAN

IS SOUTH AFRICA DEVELOPING A CULTURE OF BAD CUSTOMER SERVICE IN THE AUTOMOTIVE AND RELATED INDUSTRIES?

It was with surprise and a certain amount of disillusionment that I studied the report on the performance of the automotive and related industries with reference to their treatment of their customers. For two years the Ombudsman's report to the National Consumer Commission placed poor service first in the ten most problematic groups. Generalisation is never a good thing, however, the poor performance of our economy in general has a host of causes that the automotive and related industries have very little control over.

One would think that the things we DO have control over would have been optimised in order to retain customers. This includes areas such as improving customer relations through regular communication. It is not the first time that I have commented on the seemingly serious neglect shown in this area.

An informed customer is normally a happy customer whose goodwill towards the service provider is enhanced as a matter of course. This has been proven over and over again. This is not a very difficult task and a simple thing like an SMS explaining the progress during a service will go far in keeping the customer happy. Already some of the service providers have realised what a wonder tool this is in customer retention. One would think that technical

Johan van Vreden
Motor Industry
Ombudsman of
South Africa



problems with motor vehicles would be the main cause for complaints but statistics prove the contrary. I am forced to ask if improved training of service advisors and sales people is not the answer to this pandemic of poor service. There are certain organisations that spend a great deal of money on improving the communication skills of their service providers and sales people. But alas they are – judging by the statistics – in the minority.

The other two issues that have raised eyebrows in the office of the Motor Industry Ombudsman of South Africa (MIOSA) are the legal and contractual issues that feature amongst the top four on the complaints list. This is rather worrying as these issues can cost consumers a lot of money to resolve. Surely it is bad for business to allow matters to get so out of hand that a legal route becomes necessary?

To conclude, it is clear that the area of customer communication is the most problematic and should be addressed on an ongoing basis. If this is improved upon, legal and even contractual problem areas will be drastically reduced. ●



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FROM THE DESK OF KOBIE KRAUSE

IMPLIED WARRANTY

Every consumer has the right to receive goods that:

- i. Are reasonably suitable for the purposes for which they are generally intended;
- ii. Are of good quality, in good working order and free of any defects;
- iii. Will be useable and durable for a reasonable period of time, having regard to the use they would normally be put and all surrounding circumstances of their supply; and
- iv. Comply with any applicable standards set under the Standards Act, 1993 (Act No. 29 of 1993), or any public regulation.

The above is quoted from Section 55 of the Consumer Protection Act No. 68 of 2008 (CPA). So, what is the period of the reasonable time?

In terms of Section 56 (2) of the CPA, the consumer may return the goods to the supplier, without penalty and at the supplier's risk and expense should the goods fail to satisfy the requirements and standards contemplated in section 55 of the CPA, as mentioned above.

This warranty is also further referred to in Section 56 (4) of the CPA. The implied warranty imposed by Section 56 (1), and the right to return goods (Section 56(2)) are each in addition to:

Kobie Krause
Deputy ombudsman



- a. Any other implied warranty or condition imposed by the common law, this Act or any other public regulation; and
- b. Any express warranty or condition stipulated by the producer or importer, distributor or retailer, as the case may be.

Suppliers should therefore realise that when a consumer is offered a warranty which is subsequently refused by the consumer, the implied warranty still exists. Even if the manufacturer's warranty still exists, the implied warranty still prevails.

It would therefore be a contravention of Section 51 (1) of the CPA to ask a consumer to relinquish his right to the implied warranty. The implied warranty can only be relinquished under certain circumstances not discussed in this article.

In terms of Section 57 of the CPA an implied warranty exists in respect of goods and services rendered for a period of three months after delivery of the vehicle to the consumer. ●



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A CASE IN POINT

COMPLAINT

The complainant purchased a new vehicle. Within a period of six months numerous mechanical concerns arose and were attended to under the manufacturer's warranty at an accredited dealer outlet. As Section 56 Subsection 2 of the Consumer Protection Act 68 of 2008 (CPA) provides the complainant with an implied warranty, the complainant then opted to have the sales agreement cancelled as the accredited dealer was afforded numerous opportunities to repair the vehicle but the same and additional concerns arose.

CONCLUSION

As the said Section is an implied warranty it trumps any other warranty and therefore will be considered first. The matter was investigated by the MIOSA and was concluded in favour of the complainant in terms of Section 56 Subsection 3 as the repeating concern could not be resolved and more concerns became evident. The sales agreement was cancelled and the complainant received a full refund minus the cost of usage and quantum of damages as directed in terms of Section 20 Subsection 6 of the CPA.

COMPLAINT

The complainant purchased a pre-owned motorcycle with an odometer reading of

39 989 kilometres from the supplier. Seven months later, the motorcycle allegedly developed concerns relating to spluttering, jerking, and loss of power and the complainant towed it to an approved service provider for diagnosis. No faults could be detected. However, the problems persisted and after experiencing a breakdown after the initial diagnosis, it was determined that the petrol pump needed replacement. The complainant lodged a dispute with the MIOSA with the expectation that the supplier should cancel the sales agreement.

CONCLUSION

The MIOSA resolved that in terms of Section 56 Subsection 2 of the Consumer Protection Act 68 of 2008 (CPA), the motorcycle supplied to the complainant carried an implied six-month warranty during which time the complainant could require the respondent to either repair or replace the failed, unsafe or defective goods; or refund to the complainant the price paid for the goods.

The complainant indicated in his submission that the alleged concerns referred to arose seven months after the purchase and as such fell outside the parameters of the implied warranty. In view of the above-mentioned Section of the CPA, the MIOSA could not find in favour of the complainant.●



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FOOD FOR THOUGHT



DID YOU KNOW?

Rubber is naturally white. Manufacturers add a compound called 'carbon black' to rubber which turns it black and also increases its strength and durability. So, those old white tyres weren't a fashion statement.

FUN FACT

LEGO® is the world's largest tyre producer. In 2012 the company received the Guinness World Record for 'Largest tyre manufacturer per annum'. At the time they were producing 318 million toy tyres per year.

CRACK THE CODE

The numbers on a tyre's sidewall reveal all there is to know about the tyre.

See below example:
205/55 R16 91V

205 is the width of the tyre in millimeters; 55 is the height of the sidewall expressed as a percentage of the width; R reveals it's a radial tyre; 16 is the wheel diameter in inches; 91 is its load index; and V is its speed rating.

205/55 R16 91V

TREAD

Tread is the part of the tyre that makes contact with the road. Tread patterns consist of sipes, grooves, lugs and voids and each design aims to maximise a particular characteristic, like on- or off-road performance, longevity, water evacuation, speed, etc., without compromising on safety. Tread patterns vary by make and model.



NITROGEN IS COOL

Inflating tyres with nitrogen means they stay inflated longer, run cooler, and will last up to 20% longer.

RESPONSIBLE RUBBER

Most used tyres end up as alternative fuel source in the making of cement. Increasingly, recycled tyres in the form of Crumb Rubber Modifier (CRM) or Ground Tyre Rubber (GTR) are being used in asphalt binder to improve the performance and life of the resulting road surface.

COLD AFFECTS PRESSURE

Ever notice how tyre pressure takes a dive in winter? Cold temperatures cause the air in the tyres to contract, resulting in under-inflated tyres and setting off the tyre pressure monitoring system.

KNOW YOUR LIMITS

Ideal tyre pressure is a combination of tyre size, the weight of the vehicle and whether or not the vehicle is loaded. Find the correct pressure in the owner's manual or on the inside of the driver's door.

REPAIR OR REPLACE?

Not all punctured tyres have to be replaced. Generally speaking, if the puncture is in the tread area, the hole is less than 6 mm in diameter and there's no internal damage, the tyre can usually be repaired by a skilled technician.

ROTATE FOR LONGEVITY

Rotating tyres every 10 000 km (typically) minimises the effects of uneven tread wear and extends tyre life. Tyres are rotated front to back, then the front tyres are swapped left to right.



REGISTERING WITH THE MIOSA

JANUARY 2019 – APRIL 2019

The increase in registrations during the first four months of 2019 was mainly the result of the more aggressive approach the MIOSA embarked on during the latter part of 2018 to get non-compliant participants in the automotive industry to register and to pay the contribution as the law requires.

Continued inspections throughout the country by the Compliance and Enforcement Committee of the Consumer Protection Forum (CPF) at the premises of participants in the automotive industry resulted in numerous registrations during the period under discussion.

The work that the MIOSA Inspectors is doing, assisting businesses involved in the automotive industry countrywide to register, proved to be invaluable.

Above actions contributed to a flood of registrations in January 2019. The total number of registrations was also boosted by the overflow from December 2018 as a result of the low registration rate during the holiday season.

The total number of businesses that registered with the MIOSA in January 2019 was higher than the average for 2018. The number of fitment centres registering secured first position, beating registrations from mechanical workshops and used vehicle dealerships by quite a margin. Auto body repairers and spares outlets also made a noteworthy contribution to the total.

Used vehicle dealerships, closely followed by mechanical workshops and fitment centres made up the majority of registrations February 2019. Noticeable contributions

Tjaart van der Walt
Senior administrative
clerk



towards the total number of registrations were also made by spares outlets, auto body repairers and new vehicle dealerships. The latter mainly due to groups buying dealerships in the rural areas.

Registrations in March 2019 was the highest for the three month period from January 2019 to March 2019. Registrations from used vehicle dealerships ended the month in first place narrowly beating registrations from mechanical workshops.

As has become the norm over the first three months of 2019 registrations in April 2019 from auto body repairers, fitment centres, mechanical workshops and spares outlets made up the bulk of the registrations, although registrations from used vehicle dealers remained the single biggest contributor to the total.

If the pattern of registrations for the period under review is analysed it becomes clear that the majority of participants in the automotive and related industries have accepted that they must register with the MIOSA and must pay the contribution. ●



PEOPLE, PUNS AND PRODUCTS

JAGUAR I-PACE WINS BIG AT WORLD CAR AWARDS

The all-electric Jaguar I-PACE completed a historic treble at the 2019 World Car Awards. Not only did it win the coveted 2019 World Car of the Year and World Car Design of the Year titles, it was also named World Green Car. The I-PACE is the first model ever to win three World Car titles in the 15-year history of the awards.



FORD CURES GROCERY SHOPPING HEADACHE

Few situations can be as stressful as seeing your child career off at high speed with your supermarket trolley. Ford has come up with a way of taking the stress out of that situation, taking inspiration from new car technology that helps drivers to avoid accidents on the road. The so-called Self-Braking Trolley uses a sensor to scan ahead for people and objects and automatically apply the brakes when a potential collision is detected. Unfortunately it is just a prototype at this stage.



CUSTOM RANGE ROVER PAYS TRIBUTE TO SPRINGBOKS

Land Rover South Africa and its counterparts at Special Vehicle Operations (SVO) in the UK have developed a one-of-a-kind Range Rover Sport SVR as a tribute to the Springbok rugby team. Land Rover is a Worldwide Partner of Rugby World Cup 2019 and South African sponsor of the Springboks. The unique Range Rover Sport is the first and only vehicle to be completely finished in the Springboks' very specific green hue. Custom Springbok logos and bespoke yellow brake callipers finish off the exterior's visual enhancements. Custom touches inside include special yellow shift paddles, and contrast yellow stitching on the seats and door panels. The interior mood lighting has also been adapted to radiate a green glow.



NEW PRESIDENT AT HONDA MOTOR SA

Honda announced the appointment of Hiroyuki Tazawa as the new president of Honda Motor Southern Africa. He succeeds Toshiaki Konaka, who has been appointed as Regional Head of Africa Middle East Regional operations. Tazawa joined Honda in 1990 and has gained extensive automotive experience. During his career at Honda, he has obtained expertise through the organisation within the sales, product planning and logistics divisions. He held a management

position within the Japanese domestic automobile market and has worked in the Middle East, specifically in Iran, where he acquired valuable experience in the motorcycle division.



"My first customer was a lunatic. My second had a death wish."
- Karl Benz

HOLLYWOOD ACTOR BUILDS MOTORCYCLES TOO

Keanu Reeves is a Hollywood superstar but did you know that in 2011 he co-founded Arch Motorcycle along with custom bike builder Gard Hollinger? The two met in 2007 and their shared ideas and love of motorcycles led to the forming of the company. Their first model, the KRGT-1 was introduced in September 2014 and the line-up has since grown to include the 1s and the Method 143. The company produces a limited number of motorcycles per year and the starting price is around \$80 000.



JEEP TRACKHAWK BURNS UP THE ICE

With its 530 kW, 6,2-litre V8 engine and a rated top speed of 290 km/h, the Jeep Grand Cherokee Trackhawk claims to be the most powerful mass-produced SUV in the world. Backing up this claim, it recently set a speed record for SUVs driven on ice. At the annual 2019 Speed Days of the Baikal Ice Motor Sports Festival in Russia, the Trackhawk achieved an average speed over a distance of 1 km of more than 257 km/h with a rolling start. Its maximum speed on ice, according to GPS trackers, was 280 km/h.



CELEBRATING 50 YEARS OF THE Z CAR

The 2020 Nissan 370Z 50th Anniversary Edition, with a distinctive racing livery appearance, was unveiled to the world in New York – the same city where the original Datsun 240Z made its US debut half a century ago. The special edition pays homage to the #46 BRE (Brock Racing Enterprises) Datsun 240Z that won multiple SCCA National Championships with John Morton behind the wheel. Under the bonnet lurks a 3,7-litre V6 engine with 332 horsepower and 270 lb-ft of peak torque on tap. Pricing is upwards of £30 000. ●



TRAINING FOR THE AUTOMOTIVE AND RELATED INDUSTRIES

The South African Auto Training Academy (SAATA) and Equillore have reached an agreement to work together to provide training to the automotive and related industries.

This endeavour offers the most comprehensive compliance course available for the automotive and related industries in South Africa, designed on a high-end platform developed by a leader in this field, which is also used by insurance companies and universities. This course develops a sales team that buyers want to do business with.

SAATA offers the only online training course with accreditation.

Why is there a need for this training?

Professional sales people equal best practices and enforcement of the laws and regulations and this creates 100% transparency and honesty.

- a. With training and accreditation sales will become a profession, which at

this stage is (in some instances) not applicable. Sales executives do not always see the financial benefit of being compliant and ethical, and having more happy customers and less “Bad Deals”, which end up with the MIOSA and manufacturers, putting the dealerships and brand in a bad light. In South Africa, a vehicle is the second biggest (in some cases the biggest) asset customers buy. Buying a vehicle is an emotional purchase.

- b. Recent history: negative press (e.g., printed, radio etc.) has been on the forefront.

The course summarises and succinctly explains the laws and regulations that apply to the automotive and related industries and specifically to dealerships, instead of teaching laws that don't apply to the industry.

All employees can do the online training, including assessments, without leaving their desks (as opposed to spending hours away from their dealerships).

There are different modules for:

- a. Sales executives;
- b. Sales managers;
- c. Dealer principals (owners);
- d. F&I's.

On completion of the training the employee receives a certificate of completion that they can display in their office for customers to see their commitment and knowledge of the laws and regulations of South Africa.

Contact Andrea:

Telephone Number: 079 878 0442

Email: andreaaata@gmail.com ●



PUBLIC AFFAIRS UPDATE - WORLD CONSUMER RIGHTS DAY

Consumers International is the membership organisation for consumer groups around the world. It was founded on the 1st of April 1960 and has over 250 member organisations in 120 countries. Its head office is in London, England, with regional offices in Latin America, Asia Pacific, Middle East and Africa.

South Africa is a member of Consumers International and is represented by the National Consumer Commission. Every year Consumer International determines a theme for World Consumer Rights Day, which is commemorated on March 15th. The theme for 2019 was Trusted Smart Products and members of the Consumer Protection Forum (CPF) aligned their activities with that theme.

In March 2019, the Motor Industry Ombudsman of South Africa (MIOSA) participated in an Awareness and Compliance Campaign organised by the CPF and held in KwaZulu-Natal.

The MIOSA played a pivotal role from the concept stage until the build-up towards this event due to its vast knowledge of and experience in the automotive and related industries.



Above: Inspectors from the MIOSA were intensively involved in educating the public as well as participants in the automotive and related industries on World Consumer Day.

The Awareness and Compliance Campaign visited various industry participants, while at the same time also running consumer education workshops in townships around KwaZulu-Natal. During these visits, the MIOSA educated industry participants and raised awareness in instances where other participants claimed that they were not aware of the Consumer Protection Act No. 68 of 2008 (CPA) and the South African Automotive Industry Code of Conduct (Code).

The entire activity culminated in a well-attended seminar that was graced by various professors and academics. ●

Below: Lucious Bodibe, public affairs manager of the MIOSA (fourth from left), celebrated World Consumer Day in KwaZulu-Natal and took part in the activities presented by the Awareness and Compliance Campaign.



NEW STAFF MEMBERS



Miphloti Shipalane — Case Manager Assistant



Mosibudi Kgomo — Receptionist



Sifundile Made — Case Manager Assistant



Joseph Kolokoto — Finance Administrator



Marco Jacobs — Information & Liaison Officer



Tshepo Moreriane — Case Manager