



# 2014

## ANNUAL REPORT

THE MOTOR INDUSTRY OMBUDSMAN OF SOUTH AFRICA

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THE ONLY INDEPENDENT DISPUTE RESOLUTION FORUM FOR THE SOUTH AFRICAN  
AUTOMOTIVE INDUSTRY AND ITS CUSTOMERS



Dr M Phosa  
Chairperson

## ADVISORY COMMITTEE MEMBERS



J van Vreden  
Ombudsman  
Deputy Chairperson



K Krause  
Deputy Ombudsman



B Allen



A Bezuidenhout



P Molefe



I Opperman



B Pretorius



D Scorer



N Vermeulen

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# FOREWORD

DR. ROB DAVIES

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THE HONOURABLE MINISTER OF TRADE AND INDUSTRY

It is a pleasure to provide a foreword for the Motor Industry Ombudsman's annual report. The Department of Trade and Industry places great emphasis and fully supports the existence and development of a world-class automotive industry in South Africa. This is why the automotive sector enjoys a very special place in our Industrial Policy Action Plan (IPAP), which recognises that the automotive sector contributes very significantly to the gross domestic product, employment and exports and has very high spillovers and multipliers into other sectors of the economy.

The work of the Department rests on a very firm, cordial and mutually supportive relationship both with the industry associations concerned with the sector, as well as with individual original equipment manufacturers, component manufacturers and aftersales and services companies. The Department values these relationships very highly because we are acutely aware of the fact that we can achieve so much more by working together with all concerned to support and strengthen the automotive sector.

This effort forms an important part of broader government effort to support the manufacturing sector and build an inclusive economy addressing the deep structural problems which continue to exist and overcome deep inequality and unemployment which characterises it.

In the spirit of this positive relationship, the Department requested the automotive industry to draw up a Code of Conduct under the stewardship of the Motor Industry Ombudsman of South Africa (MIOSA) to promote self-regulation. I am pleased that this work has been completed and that a Code of Conduct has been developed and accreditation of the Motor Industry Ombudsman of South Africa has taken place.

I am confident that this work will be strengthened under the stewardship of Dr. Matthews Phosa and Mr. Johan van Vreden, the Chairperson and Ombud of the Motor Industry Ombudsman respectively. I wish to thank the institution, its directors and advisory committee for the work thus far undertaken and urge them to continue the good work, which is an important component of the broader, inclusive automotive sector.



# CHAIRPERSON'S COMMENTS

DR. MATTHEWS PHOSA

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CHAIRPERSON

The year under review brought the harsh reality of sluggish growth in the economy home with undisputable clarity. Industrial action and power interruptions have not served South Africa well as an investment destination. However, once again, the South African automotive industry has been the shining light that served to boost continued confidence in our country.

As chairperson of the Motor Industry Ombudsman's office, I am proud to be associated with an industry that has not for a moment hesitated to show its enthusiasm for South Africa. This is clearly shown in the remarkably large investments that the automotive industry continues to make in South Africa.

It is obvious that developing countries have to cope and incorporate not only the direct impact other major global trends have on their automotive operations, but also have to compete with each other for sourcing and outsourcing opportunities.

It is in this fast changing economic environment that South Africa has created for itself a role as a producer of vehicles and automotive components. As the South African market is relatively small, a lot of emphasis has been placed on exports. With the quality and expertise of our local industry being well respected in the world, South Africa's export drives have been well received and continue to add value to global strategies of parent companies and multinationals.

Every year I mention the fact that the South African Automotive Industry Code of Conduct is still waiting to be prescribed and the Motor Industry Ombudsman of South Africa (MIOSA) to be accredited.

This year has been one of excitement and when the news came in October 2014 that the Code and the MIOSA have been prescribed and accredited after nearly five years of dedicated work by the drafting committee, the MIOSA and the National Consumer Commission (NCC), the elation was felt by all concerned.

[CONTINUED ON PAGE 4](#)

I wish to thank the Honourable Minister of Trade and Industry, Dr. Rob Davies, for placing his and the Department's trust in our organisation. Ms. Dianne Terblanche, the chairperson of the National Consumer Tribunal for her advice and support of the MIOSA. The commissioner of the National Consumer Commission (NCC), Mr. Ebrahim Mohamed for allowing his staff to participate and assist the drafting committee. Mr. Johan van Vreden, the Motor Industry Ombudsman of South Africa, who tirelessly drove the project when many would have thrown in the towel. The drafting committee members who were so ably assisted by Mr. Kobie Krause, the legal director and deputy ombudsman of the MIOSA.

Lastly I would also like to extend my thanks to my fellow advisory committee members who were always available when called upon for their advice.

## CONSTITUTION, VISION, MISSION

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### CONSTITUTION

The Office of the Motor Industry Ombudsman of South Africa (MIOSA) is an institution which regulates the interaction and provides for alternative dispute resolution between persons conducting business within the automotive industry in South Africa and consumers, and also among participants in the motor and related industries.

### VISION

As its vision, the Motor Industry Ombudsman is striving to contribute to the continuous improvement of customer care, as well as relationships among participants in the motor industry to the benefit of all parties.

### MISSION

Its mission is to primarily defend the independence of the Motor Industry Ombudsman's office while tirelessly striving to educate consumers and motor-related service providers alike, in achieving higher levels of customer care and cordial relationships within the motor industry.

# CONGRATULATIONS TO THE MIOSA

MS. DIANE TERBLANCHE - CHAIRPERSON

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NATIONAL CONSUMER TRIBUNAL (NCT)

It was with great pleasure that I received the news of the accreditation of the Motor Industry Ombudsman of South Africa (MIOSA). This will bring a strong and knowledgeable tool that can only serve to strengthen the hand of consumer protectors.

The automotive industry is a complex and diverse industry and has a valuable role to play in providing expert knowledge to consumer regulatory entities, including the NCT. The office of the MIOSA has proven over the years that it brings just that expertise to the table.

I wish to congratulate chairperson Dr. Matthews Phosa, Motor Industry Ombudsman Mr. Johan van Vreden, his fellow directors and staff on the national accreditation that the MIOSA has received and wish them well for the future.

MR. EBRAHIM MOHAMED - COMMISSIONER

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NATIONAL CONSUMER COMMISSION (NCC)

The accreditation of the Motor Industry Ombudsman of South Africa (MIOSA) is something that was long time coming. While working closely with the MIOSA and various stakeholders in the motor industry during the drafting of the South African Automotive Industry Code of Conduct that has now become a regulation of the Consumer Protection Act, it confirmed our belief that industry ombudspersons will go a long way in availing justice to the consumers of South Africa.

Every industry has its own peculiar complexity that makes the fair dispensing of justice to all very difficult and in some cases extremely time consuming. With this in mind, we at the NCC are confident that the national accreditation of the MIOSA is another step closer to bringing affordable and swift access to justice for the consumers of South Africa.

This is in line with the strategy of the NCC duly supported by the Department of Trade and Industry, which is to increase the establishment of sector-specific alternate dispute resolution agents throughout the country in order to assist our consumers and suppliers in resolving their disputes.

On behalf of the NCC I wish to congratulate Dr. Matthews Phosa, chairperson, the advisory committee, Mr. Johan van Vreden, the Motor Industry Ombudsman, his fellow directors and staff and wish them the very best in their endeavours in the future.

I also sincerely thank all those in the motor industry that have worked tirelessly with the NCC and MIOSA to have the very first code accredited in terms of the Consumer Protection Act.

# THE OMBUDSMAN'S REPORT

JOHAN VAN VREDEN



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## MOTOR INDUSTRY OMBUDSMAN

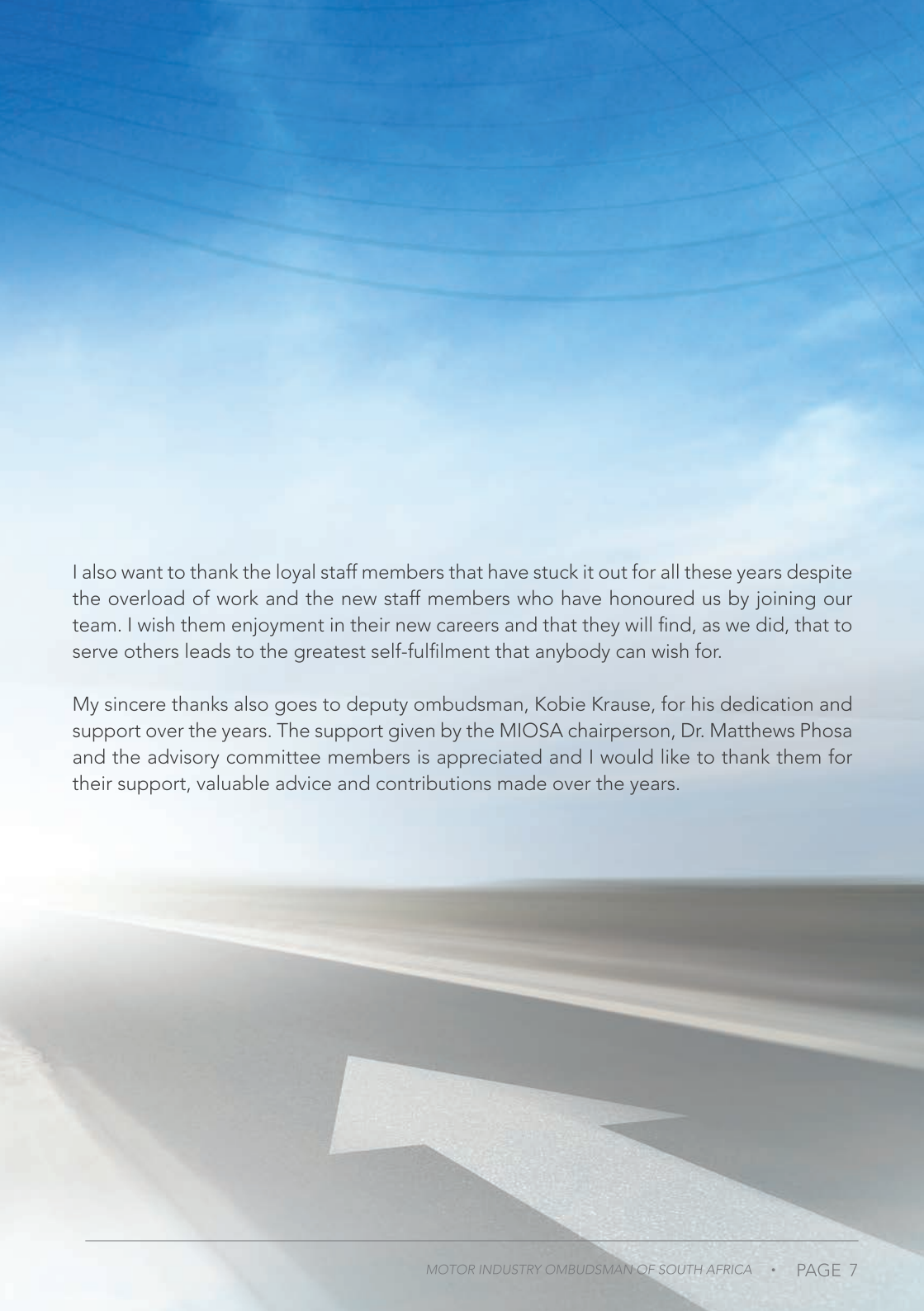
2014 will stand out in the history of the office of the Motor Industry Ombudsman of South Africa (MIOSA) as the beginning of a new era. The South African Automotive Industry Code of Conduct (Code) for the motor and related industries was accredited by the Honourable Minister of Trade and Industry, Dr. Rob Davies, in October 2014. Hand in hand with the accreditation of the Code came the accreditation of the office of the MIOSA. This means that the Code has now become a regulation that forms an integral part of the Consumer Protection Act No. 68 of 2008.

The fact that this milestone has been reached after five years of endless negotiations and consultations, as well as over a hundred drafts, is an achievement that will stand out as proof of the motor and related industries' commitment to good governance and customer care.

The good relationship between the MIOSA and the National Consumer Commission (NCC), as well as the National Consumer Tribunal (NCT), has been further strengthened with the publication of the Code. The rate at which motor and related businesses have been registering with the MIOSA has been nothing less than overwhelming. This serves as proof of the commitment and seriousness with which the motor and related industries are viewing their contribution towards first world standards and good customer relations.

The last fourteen years of the MIOSA's office has been a time of great milestones and achievements that have not only brought great satisfaction to the staff, fellow directors and myself, but has given us, as a team, the motivation to serve the consumer and the motor and related industries with renewed vigour.





I also want to thank the loyal staff members that have stuck it out for all these years despite the overload of work and the new staff members who have honoured us by joining our team. I wish them enjoyment in their new careers and that they will find, as we did, that to serve others leads to the greatest self-fulfilment that anybody can wish for.

My sincere thanks also goes to deputy ombudsman, Kobie Krause, for his dedication and support over the years. The support given by the MIOSA chairperson, Dr. Matthews Phosa and the advisory committee members is appreciated and I would like to thank them for their support, valuable advice and contributions made over the years.

# THE WAY FORWARD

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The accreditation of the MIOSA during October 2014 by the Honourable Minister of Trade and Industry, resulted in the expansion of the MIOSA's obligations towards the automotive industry and South African consumers. This will include the education of the automotive industry as well as consumers respectively with regard to the Code pertaining to the motor industry.

With expanded responsibilities come the inevitable upgrading of systems and infrastructure as well as the employment and training of additional staff. It will also require the MIOSA to increase its footprint in South Africa and enable it to serve the whole country and not just contractually bound subscribers.

With the advent of accreditation, additional representatives are envisaged for the provinces to assist case managers to enable them to carry out their work more efficiently. It is further envisaged that case managers will, on a quarterly basis, spend time in the provinces with the area representatives to ensure that the MIOSA's educational mandate is fulfilled.

The Ombudsman will attend conferences pertaining to the mandate of his office as well as networking with other ombudspersons nationally as well as internationally.

Cooperation with the other ombudspersons in South Africa is crucial to ensure that justice is rapidly dispensed to the benefit of both consumers and industries. The MIOSA will continue to play its role when requested to do so by the Ombudsman's Association of South Africa of which the MIOSA is a founder member.

In addition to its other responsibilities, the MIOSA will also act in an advisory capacity for both consumers and industry in an attempt to continually improve relationships to the benefit of all parties.

# REVIEW OF THE SYSTEMS FOR 2014

When comparing incoming telephone calls handled by the MIOSA in 2013 and 2014, a noticeable increase occurred during 2014. A total of 53 807 incoming calls were recorded in 2014, which is an average of 203 calls per working day.

The graph shows that a substantial number of these calls were recorded in January and February 2015. This is due to the accreditation of the MIOSA and the number of new levy paying contributors in the industry.

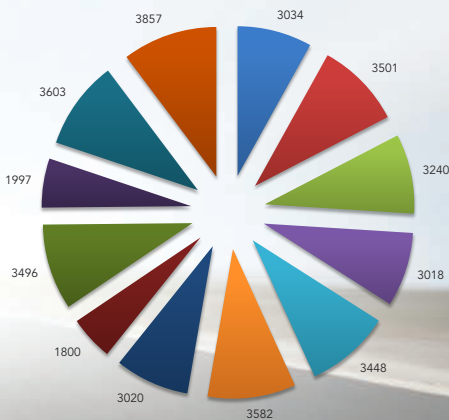
The majority of the calls received are:

- Follow-up on current cases
- Advice on how to lodge a new complaint
- Advice regarding the Consumer Protection Act
- New levy paying contributors seeking advice
- Advice on how manufacturers/importers/dealers/workshops/service providers can register with the MIOSA.

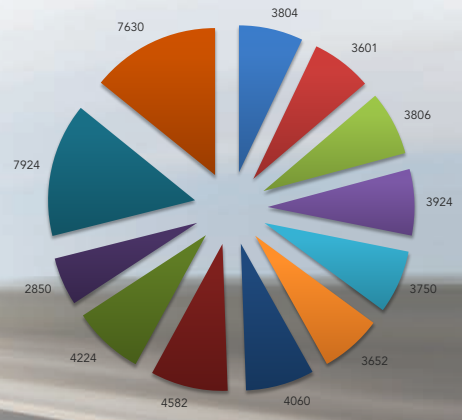
To handle the increasing number of incoming telephone calls, the new and improved information and liaison office is open between 08:30 and 16:30 Monday to Thursday and 08:30 to 16:00 on Friday.

The information and liaison officers can be contacted at 086 11 64672.

NUMBER OF INCOMING CALLS FOR 2013:



NUMBER OF INCOMING CALLS FOR 2014:



■ March    ■ April    ■ May    ■ June    ■ July    ■ August  
■ September    ■ October    ■ November    ■ December    ■ January    ■ February

# ADMINISTRATION DEPARTMENT

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THE COMPLAINT PROCEDURE IS AS FOLLOWS:

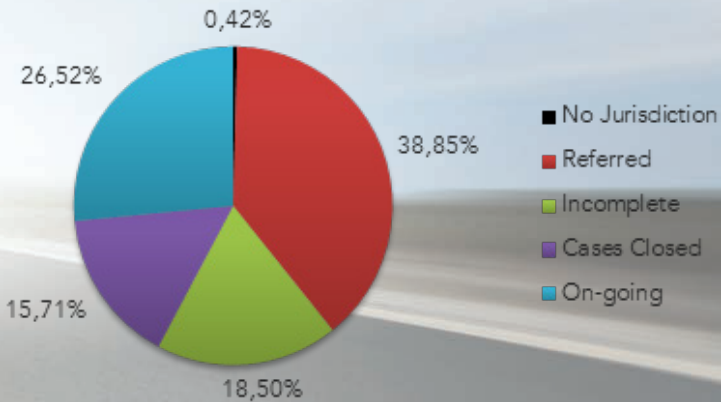


\* ARF = Assistance Request Form

Delays are mainly as a result of incomplete complaint forms and incorrect contact information supplied by consumers. This is obviously beyond the control of the MIOOSA. Additional staff members and improved procedures have been implemented to minimise these problems.

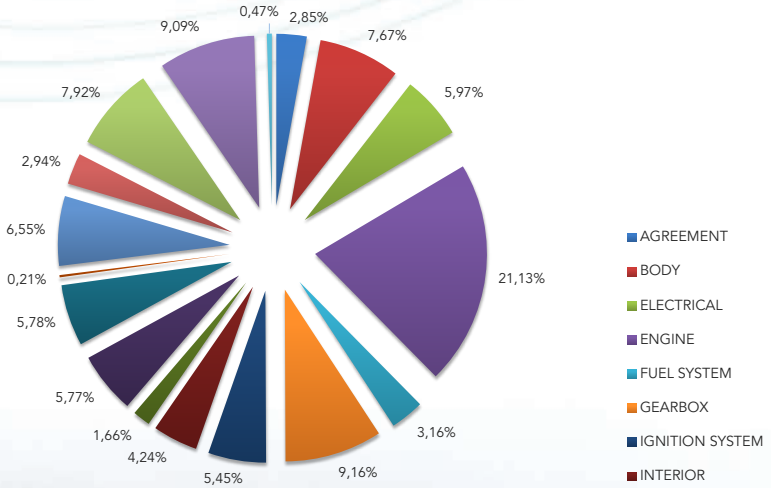
With the accreditation of the MIOOSA, more staff will be employed in 2015 to deal with the ever increasing number of complaints.

THE COMPLAINTS STATISTICS ARE AS FOLLOWS:

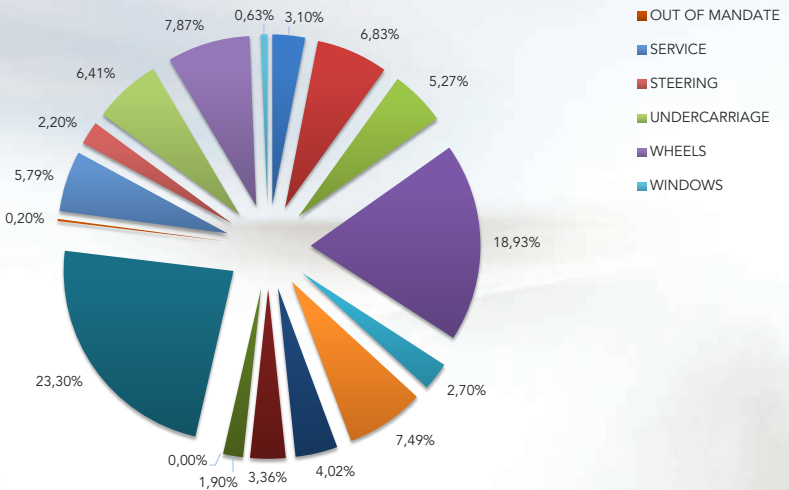


# MAIN CAUSES OF COMPLAINTS

MAIN CAUSES OF COMPLAINTS - 2013



MAIN CAUSES OF COMPLAINTS - 2014



## LETTERS RECEIVED BY THE MIOSA

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During my visit to your offices, your receptionist was friendly and helpful. I told her my problem and asked her for a status update on the case. With eagerness she helped. This lady made my day. I applaud her and ask that you convey my sincere thanks to her.

Kind regards

H VAN STRAATEN

Thank you so much, you have been awesome in regards to assisting and corresponding with me.

Yours Sincerely

A BOGNER

A million thanks to all MIOSA staff for your prompt attendance to the matter.

Kind regards

T GUGUSHE

Thank you for your assistance in this regard. I was very impressed with the turnaround time and the clear authority that your office enjoys with the industry.

Kind regards

A LUDIN

I wish to thank you for the quick response to my original grievance and the subsequent action taken by the dealership in question, that came directly from your intervention.

May I say that if it were not for the MIOSA, I doubt very much if a successful outcome would have been forthcoming.

You are a credit to the nation of South Africa.

Kind regards

F TINTINGER

# CASE STUDIES

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## COMPLAINT

The selling dealership twice replaced the radio under the terms and conditions of the warranty. However, these radios failed while warranty was still valid. The complainant experienced the same fault after the warranty had expired and reported the matter to the MIOSA.

## CONCLUSION

The MIOSA concluded that the manufacturer must replace the radio as a gesture of goodwill and without prejudice.

## COMPLAINT

The complainant afforded the dealership the opportunity to repair the exhaust system under warranty. He then discovered, through the dealership, that the vehicle in question did not have airbags. The airbags are critical safety items and are a standard feature. In his submission, the complainant did not want the vehicle any more and wanted to cancel the deal.

## CONCLUSION

The MIOSA found that the complainant's expectations were in accordance with Section 56 of the Consumer Protection Act 68 of 2008 and concluded that the selling dealer must cancel the sale agreement, less the cost of usage.

## COMPLAINT

The consumer's vehicle had electrical problems which the selling dealership could not resolve. The selling dealership approached the manufacturer for assistance, as the consumer wanted to return the vehicle and cancel the deal.

## CONCLUSION

The manufacturer investigated the matter and found that the problem in question was part of a recall campaign and the problem was resolved with a software upgrade on the vehicle.



## COMPLAINT

The consumer purchased a vehicle from a dealership and migrated to the Western Cape. The consumer then had his vehicle serviced by a non-authorized dealership. He then experienced problems with the engine and only then took the vehicle to an authorized dealership for warranty repairs. The dealership rejected his claim and he approached the Ombudsman for assistance.

## CONCLUSION

The MIOSA found that the consumer did not adhere to the terms and conditions of warranty and as such they could not support his expectations.

## COMPLAINT

Consumer purchased a brand-new vehicle and experienced steering problems. The manufacturer and the selling dealership repaired it under warranty terms and conditions. However, the consumer insisted on a vehicle replacement.

## CONCLUSION

The MIOSA ruled that since the vehicle was repaired by an approved dealership, the vehicle had been restored back to the manufacturer's specifications and as such the MIOSA could not support the owner's expectations.

## COMPLAINT

The owner of a new vehicle had the first service carried out seven months after the service interval as specified by the manufacturer. The manufacturer assisted him as a gesture of goodwill and approved the service. The owner then had the second service carried out six months after the prescribed period. The manufacturer declined to carry out the service under warranty.

## CONCLUSION

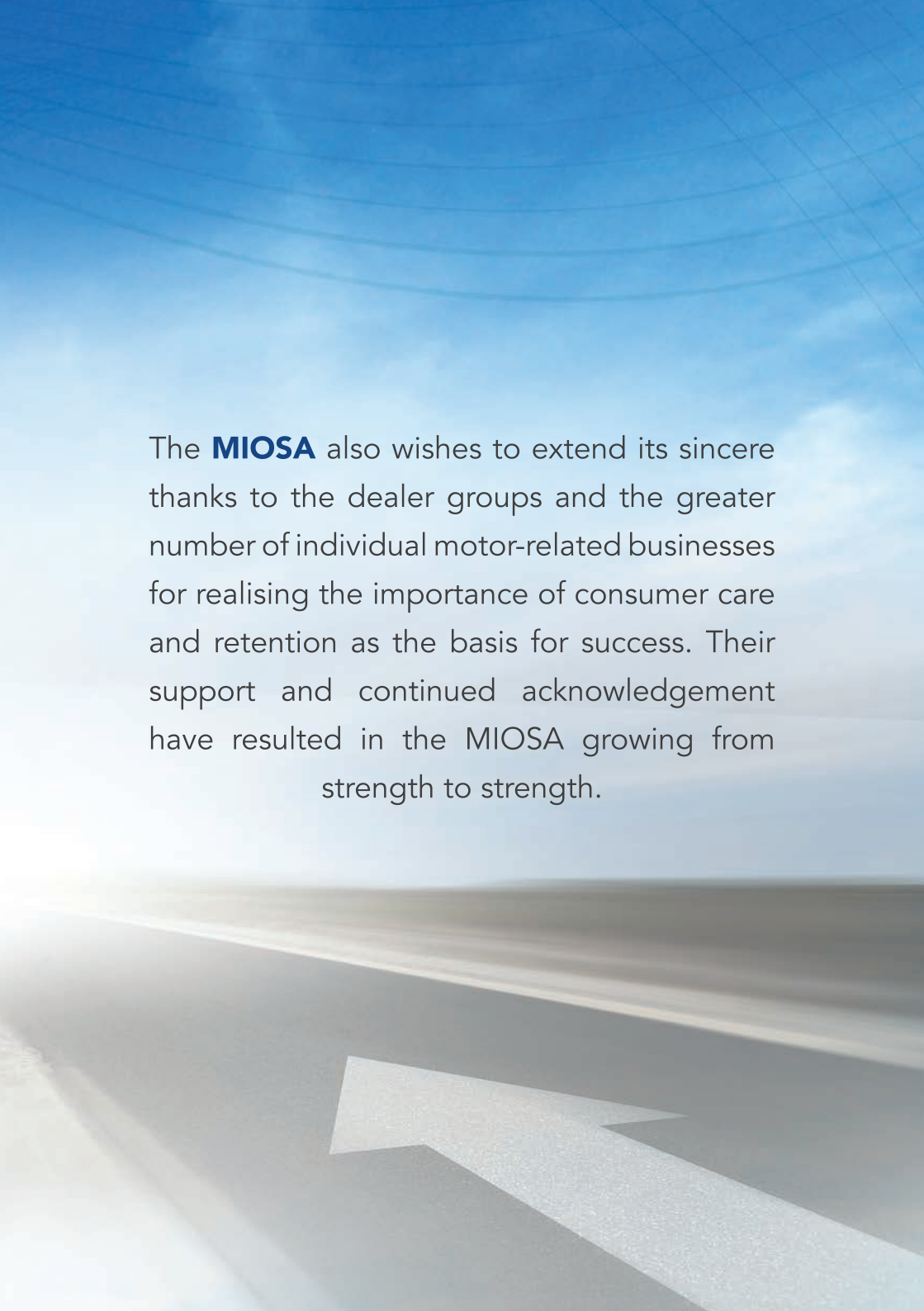
The MIOSA found that the consumer did not adhere to the servicing requirements as specified by the manufacturer and as such the MIOSA did not support the owner's expectation.

## MIOSA THANK YOU

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The MIOSA can confidently state that it enjoys the full support of the formal automotive and related industries in South Africa. The MIOSA wishes to thank the following organisations and institutions for their generous support:

- Members of the South African motoring public, who have ensured the ongoing growth of the MIOSA;
- The whole of the automotive industry;
- Government through the provincial consumer protection agencies, the National Consumer Tribunal, National Consumer Commission, the Public Protector, provincial consumer protectors, the consumer courts, the Department of Trade and Industry and the Departments of Justice and Transport;
- The business media through its positive and ongoing support;
- The consumer journalists for their positive and ongoing support;
- Members of the Guild of Motoring Journalists;
- The chairpersons and executive directors of the Automotive Industry Associations;
- The South African Consumer Union and the South African Fraternity of Attorneys and South African Consumer Forum;
- The Ombudsman for Banking Services;
- The Ombudsman for Short-term Insurance;
- The FAIS Ombudsman;
- The Credit Information Ombudsman;
- The Consumer Goods and Services Ombudsman;
- The Long-term Insurance Ombudsman

The background of the page is a blue sky with a subtle grid pattern. In the lower half, there is a perspective view of a road or path leading towards a horizon. A large, light-colored arrow is painted on the road, pointing towards the right side of the frame.

The **MIOSA** also wishes to extend its sincere thanks to the dealer groups and the greater number of individual motor-related businesses for realising the importance of consumer care and retention as the basis for success. Their support and continued acknowledgement have resulted in the MIOSA growing from strength to strength.



MOTOR INDUSTRY OMBUDSMAN OF SOUTH AFRICA (MIOSA)

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