



MOTOR INDUSTRY OMBUDSMAN
OF SOUTH AFRICA

ANNUAL REPORT

2016

THE MOTOR INDUSTRY OMBUDSMAN OF SOUTH AFRICA

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



ADVISORY COMMITTEE



Dr. M Phosa
CHAIRPERSON



J van Vreden
OMBUDSMAN



K Krause
DEPUTY OMBUDSMAN



A Bezuidenhout



K Manners



P Molefe



I Opperman



B Pretorius



N Vermeulen

CONTENTS

CHAIRPERSON'S COMMENTS	2
THE OMBUDSMAN'S REPORT	3
FINANCIAL REPORT	4
THE WAY FORWARD	8
FAILURE TO COOPERATE	9
MIOSA ACTIVITIES	10
CAUSES OF COMPLAINTS	12
REVIEW OF THE SYSTEMS	14
LETTERS RECEIVED BY THE MIOSA	17
COMPLAINT PROCEDURE	18
CASE STUDIES	19
A WORD OF THANKS	21

CONSTITUTION

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

VISION

As its vision, the MIOSA 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 defend the independence of the MIOSA 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.



**MOTOR INDUSTRY OMBUDSMAN
OF SOUTH AFRICA**

CHAIRPERSON'S COMMENTS

DR. MATHEWS PHOSA

CHAIRPERSON

South Africa found itself in uncharted waters in 2016. Politically we were in turmoil. Economically our people are crying out for the opportunities that our country should and can provide. And, taking into consideration the economic upheaval in the world and the political sway to isolationism and nationalism, we find ourselves in a very peculiar situation. We are, to be frank, in a good position being far from the turmoil of Europe and the rightest storm that has hit the USA.

South Africa is ready to provide a safe market for not only the manufacturing and stable exporting facilities, but also a safe haven for foreign capital.

However, the year was not without its challenges. The impact of the weak economy could be clearly seen in the performance of the motor industry. Generally a good barometer to judge the performance of our economy, the drop in sales of new vehicles to below the 600 000 level for the first time since 2011, was indeed an indication that the economy was taking strain. I am glad that I can once again congratulate the local motor industry with its resilience.

By stepping up the exporting of vehicles to Europe, Australasia, Asia, the USA and South America, the local motor industry has again proved itself through good leadership and having a pragmatic approach to be able to ride the storm.

As the chairman of one of the most respected institutions in the motor industry, the Motor Industry Ombudsman of South Africa (MIOSA), it remains to extend a word of thanks to the executive team and staff led

by Johan van Vreden, the ombudsman of the motor industry. Their tireless efforts over the years to maintain the respect of consumers and industry players alike, has been a beacon in our sometimes troubled industry.

I am of the opinion that 2017 won't be without challenges for the South African motor industry. However, it is comforting to know that organisations such as the MIOSA exist to protect not only consumers but also an industry that, through its very nature, faces a quagmire of challenges every day.

With the above in mind, I would like to see the hand of the ombudsman strengthened in the execution of his duties. Although he enjoys the support of the motor industry in general, there are still a few organisations that are damaging their own reputations in no small way. By resisting the call to support the ombudsman of the motor industry they are not only breaking the law, but run the risk of losing the faith of the public of South Africa.

I hope that 2017 will bring great results, to the benefit of all concerned. ●



OMBUDSMAN'S REPORT

JOHAN VAN VREDEN

OMBUDSMAN

Two years have passed since the office of the Motor Industry Ombudsman of South Africa (MIOSA) was accredited by the Department of Trade and Industry (DTI). For no reason whatsoever, it happened at a time when the economy was challenged from all directions. However, it is through focus and determination that the MIOSA continued its custodianship of the South African automotive code of conduct. Indeed, with the economic downturn came numerous challenges that the management and staff of the MIOSA had to face on a daily basis.

One of the most notable trends that occurred is that the tighter the economic situation became, the more complaints were received and dealt with by the MIOSA. The nature of complaints also changed as, more often than not, consumers saw the complaint as a way of getting out of the deal that they entered into when times were good. It is in this area where the newly established advisory office of the MIOSA proved its mettle. Those involved had to determine the legitimacy of a complaint before it was given through to a case manager for processing. Without a doubt, the establishing of this department has greatly reduced the work load of case managers.

The good relationship between the MIOSA, the National Consumer Commission (NCC) and the National Consumer Tribunal (NCT) continued and it provided great comfort to notice that the efforts of the MIOSA were supported and appreciated by these important institutions.

With this in mind, I wish to thank both the commissioner and deputy commissioner of the NCC for their support. The same gratitude is also extended to the NCT.

Once again, none of the achievements

would have been possible were it not for the professionalism, focus and dedication of the management and staff of the MIOSA.

I would like to thank MIOSA chairman, Dr Mathews Phosa, whose support and advice has always been greatly appreciated.

As in the past, deputy ombudsman Kobie Krause, as well as sagely advice from Adri Bezuidenhout and the members of the advisory committee, has been of great assistance to me as ombudsman. ●



FINANCIAL REPORT

FINANCE

The MIOSA has policies, procedures and systems in place designed to provide good corporate governance to ensure the integrity and reliability of its financial statements and to protect, verify and maintain accountability of its assets. These internal financial controls are implemented by qualified and trained personnel within a system characterised by checks and balances. The effectiveness of internal financial controls are monitored by management and external auditors.

The MIOSA successfully delivers on its objectives through a cohesive and well-structured organisation in which people, processes and systems perform optimally. In achieving this goal, the MIOSA optimises its human capital, resources, systems and processes to be a successful entity.

MAIN BUSINESS AND OPERATIONS

The principal activity of the company is to administer dispute resolution between consumers and participants in the motor and related industries and there were no major changes herein during the year.

FINANCIAL AND AUDIT REPORTS

The financial reports are available annually, after the annual financial statements are signed off by the Motor Industry Ombudsman. The annual financial statements will be available on the MIOSA website at <http://www.miosa.co.za>.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The annual financial statements have been prepared in accordance with the international financial reporting standards for small and medium-sized entities issued by the

International Accounting Standards Board.

The directors are not aware of any matter or circumstance arising since the end of the financial year to the date of this annual report that could have a material effect on the financial position of the company.

The Motor Industry Ombudsman of South Africa remained liquid and appointed a third-party business to manage fee collection.

STATEMENT OF COMPREHENSIVE INCOME

Figures in rand	2017	2016
Revenue	31 363 854	22 399 747
OPERATING EXPENSES		
Accounting fees	244 027	363 132
Advertising fees	42 597	88 021
Collection fee in regard to contributions	3 136 385	2 239 975
Computer costs and website development	463 917	431 469
Consulting fees	142 359	31 807
Courier and postage fees	20 545	17 658
Employment costs	13 010 487	10 868 601
Insurance costs	60 009	58 244
Lease rental of premises	597 941	478 383
Legal costs	147 938	74 514
Motor vehicle inspection costs	64 212	75 924
Office furniture, infrastructure and running costs	573 905	836 009
Printing, stationery and hire of printers	412 725	447 907
Security costs	31 118	13 884
Storage and archiving costs	37 544	41 754
Subscriptions	47 315	27 092
Telephone and communication costs	354 804	275 373
Training costs	27 443	4 746
Travel and accomodation costs	121 903	125 445
TOTAL OPERATING EXPENSES	19 537 174	16 499 938
- Trade debtors	(13 481 344)	(5 446 945)
- Other receivables	5 205 731	664 485
SURPLUS / DEFICIT	3 551 067	1 117 349

FINANCIAL REPORT

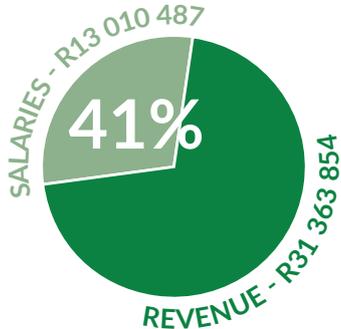
STATEMENT OF FINANCIAL POSITION

Figures in rand	2017	2016
ASSETS	31 363 854	22 399 747
CURRENT ASSETS		
Trade and other receivables	18 687 075	6 111 430
Cash and cash equivalents	10 000	-
TOTAL ASSETS	18 697 075	6 111 430
EQUITY AND LIABILITIES		
EQUITY		
Retained earnings	17 726 489	5 899 809
CURRENT LIABILITIES		
Trade and other payables	970 586	211 621
TOTAL ASSETS	18 697 075	6 111 430

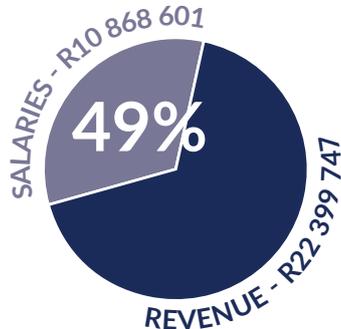


Left to right: Mareldiah Raymond, Lucious Bodibe, Lizette Kruger, Marielle Ferris, Jenny Johnson, Innocentia Nene, Kevin Brandt

SALARIES VS REVENUE %



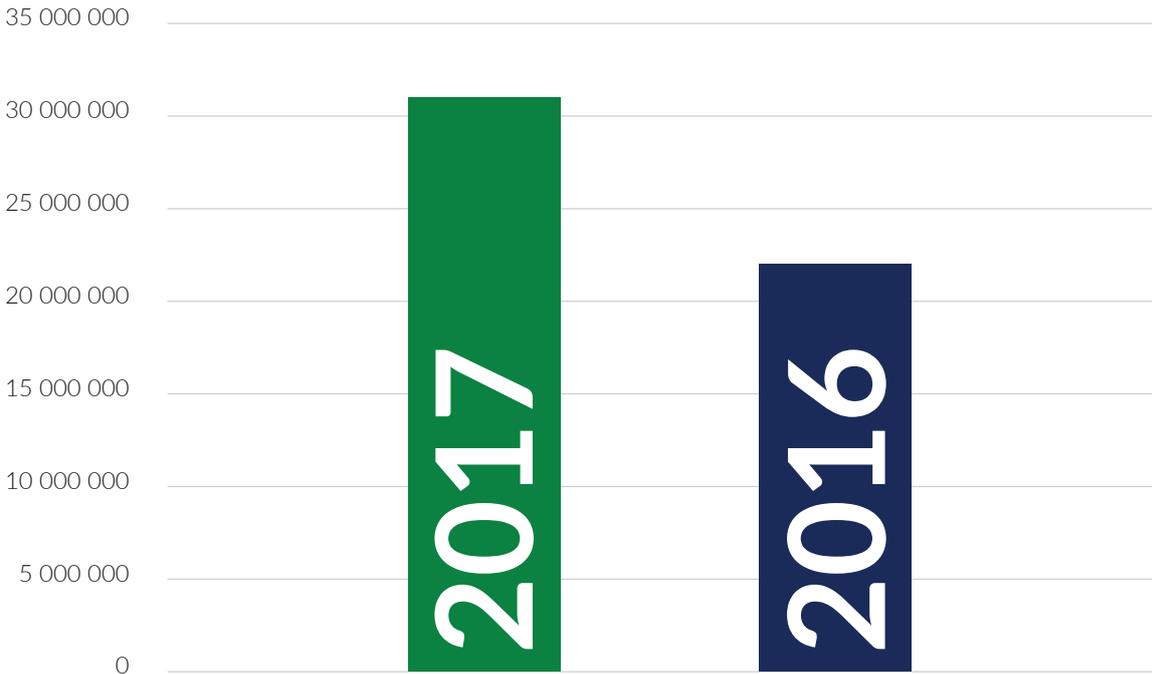
	2017
Revenue	31 363 854
Salaries	13 010 487
Percentage	41%



	2016
Revenue	22 399 747
Salaries	10 868 601
Percentage	49%

REVENUE

	2017	2016
Revenue	31 363 854	22 399 747



THE WAY FORWARD

Goals are set, yet it isn't always possible to achieve all those objectives. The office of the Motor Industry Ombudsman of South Africa (MIOSA) is no exception. A balance had to be maintained between cash flow and achieving the goals set out for the year under review.

However, this does not mean that these goals were set aside. On the contrary, even though some of the goals were not achieved, it is the intention of the MIOSA to bring them to fruition.

For example. The process of appointing more inspectors is an ongoing process that will eventually result in all the provinces being covered.

Even though the MIOSA is entering a period of consolidation, it will not hinder the organisation to achieve the outstanding goals during the coming financial year.

The newly established public affairs department has started to project the image of the MIOSA to the public on all the available forums.

The most important goal for 2017 is to consolidate and to complete the projects and goals that have been set.

The importance of completing these goals cannot be overemphasised as the number of contacts made and the complaints registered with the MIOSA are increasing on a daily basis.

Another objective is to brainstorm new developments and to continuously improve the services provided by the MIOSA to the advantage of all concerned.

Finally, the continuous training and development of MIOSA staff remains a priority to improve the quality of the service provided. Apart from technical and legal training, subjects such as communication, ethics and general debating are presented on a regular basis to improve staff skills. This will ensure that all parties involved enjoy the best service possible.

Due to the ever increasing number of registrations with the MIOSA by motor industry related businesses, as prescribed by the Consumer Protection Act, the registration fee for 2017 has been lowered by 10 percent across the board. This will undoubtedly result in even higher registration volumes in future, to the benefit of all concerned. ●



Left to right: Antoinette Swartz, Tshepang Motaung, Thavaseelen Chinsamy, Tjaart van der Walt, Maryke Fourie, Rejoice Ngwenya, Monique Hendrikse

FAILURE TO COOPERATE

Notwithstanding years of consulting, educating and promoting, there are still certain businesses that will not accept the recommendations of the Motor Industry Ombudsman of South Africa (MIOSA).

Although rare, this does happen, resulting in a straightforward case becoming complicated. This is of course to the detriment of both the consumer and the business involved.

The consumer can pursue the matter further through the National Consumer Commission (NCC). This can lead to a lengthy process of reinvestigation by the NCC. What's more, the case will often be referred back to the MIOSA whose expert recommendation will most probably be used to refer the matter to the National Consumer Tribunal (NCT) for a final ruling. All this is subject to a process that can be time consuming and frustrating, especially for the consumer.

Alternatively, the consumer can request a referral from the NCC to the NCT to allow for the NCT to rule on a case. The consumer can also follow the costly legal route, by making

use of the services of an attorney to pursue the case. All this is a clear indication of how important it is for cases to be resolved by the MIOSA and for the parties involved to accept the findings and recommendations of the MIOSA. As with the other ombudsman offices, the MIOSA intends also to monitor the situation closely and decide whether it ought to recommend that the law be changed to ensure compliance by all suppliers within the ambit of the motor industry code of conduct.

Meanwhile, the MIOSA is adamant in its threat to publicise findings and businesses that fail to comply with the recommendations made by the MIOSA. It is hoped that reason will prevail and that both consumers and motor-related businesses will see the advantages available to them through the processes of the MIOSA. ●



Left to right: Valencia Kgophane, Terry Kent, Pragasi Nayagar, Letissia Jansen, Graham Botha, Solomon Malla

MIOSA ACTIVITIES

The MIOSA is continuously interacting with government, players, bodies and institutions in the local motor industry to enhance relationships. As the MIOSA motto states: TOGETHER WE GROW. To the benefit of supplier and consumer alike.



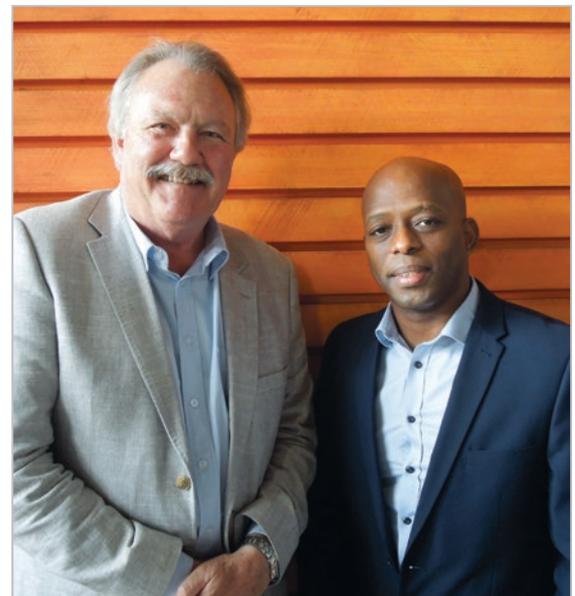
The board of the MIOSA held its annual meeting. From left to right: Kobie Krause, Johan van Vreden (ombudsman), Dr Mathews Phosa (chairperson), Adri Bezuidenhout.



The Ferrari distributors in South Africa have registered with the MIOSA. Ombudsman Johan van Vreden paid a visit to the dealership in Johannesburg to take a look at the wonders on wheels from Maranello.



The advisory committee of the MIOSA held its annual meeting in Pretoria. Front row: Ina Opperman, consumer journalist. Johan van Vreden, ombudsman. Back row: Nico Vermeulen, NAAMSA. Ken Manners, NAACAM. Renai Moothilal, NAACAM. Apologies: Dr. Mathews Phosa, Dr. Popo Molefe and Brand Pretorius.



Interaction with the National Consumer Council is of cardinal importance to the MIOSA. Ombudsman Johan van Vreden (left) held informal discussions with Trevor Hattingh of the NCC.



Above: The MIOSA continuously liaise with provincial consumer affairs offices in the interest of improved customer relations. Lucious Bodibe of the MIOSA (fifth from left, back row) visited the KwaZulu-Natal consumer affairs office to bring those present up to date on the workings of the MIOSA.



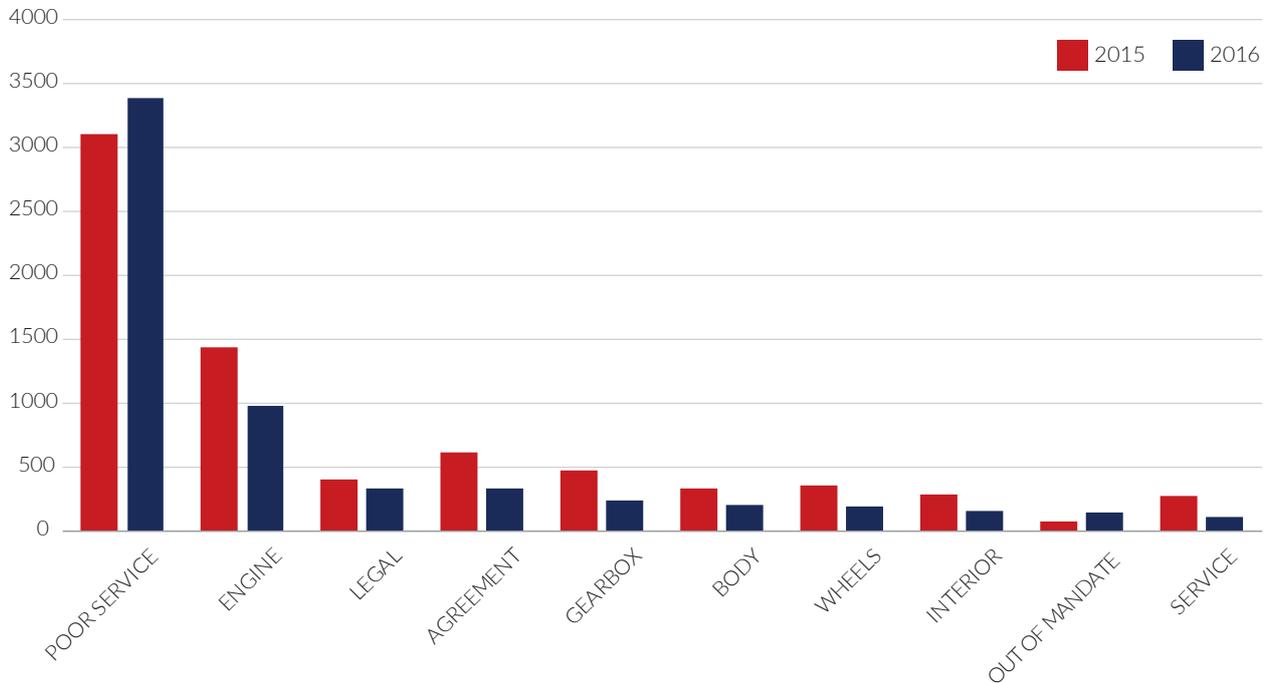
Above: A training session at the MIOSA head office in Pretoria. These daily sessions of case managers and their assistants as well as information and liaison officers are aimed at updating those attending of technical and legal changes and developments.

Right: MIOSA personnel attended a plant tour at Ford's manufacturing facilities in Pretoria. Yet another example of continuous training of MIOSA personnel to enable them to offer a better service to the public.

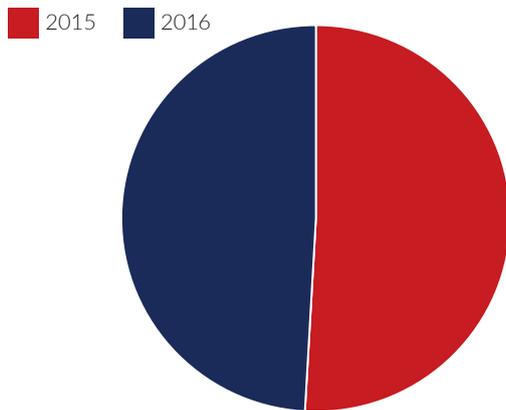


CAUSES OF COMPLAINTS

MIOSA TOP TEN PROBLEM GROUPS



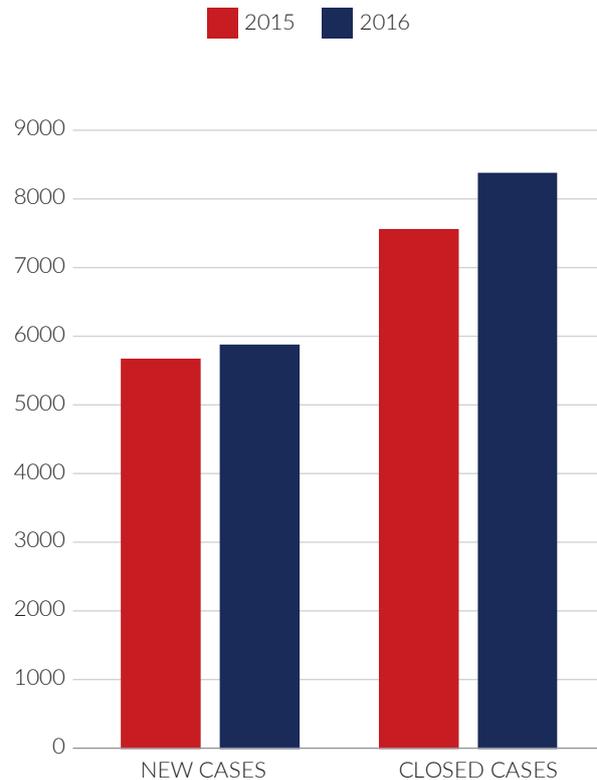
MIOSA INCOMING CALLS



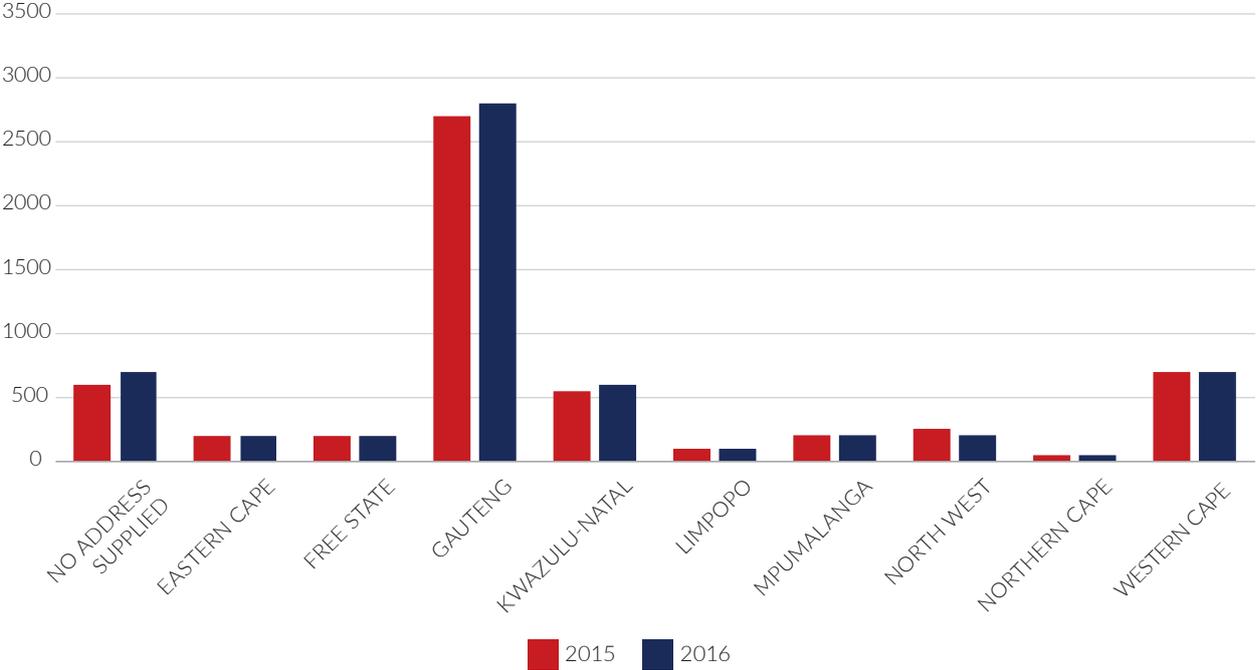
The majority of the above incoming calls can be divided between the following departments:

- Information and liaison office
- Automotive industry registration department
- Inspectorate department
- Finance department
- Case management unit

MIOSA COMPLAINTS



MIOSA PROVINCE OF COMPLAINT



Left to right: Mercia van Niekerk, Kenneth Makatu, Janine McFadden, Jacobus Rabie, Carol Snyman, Prudence Moroane, Jackie Gildenhuys

REVIEW OF THE SYSTEMS

CASE MANAGEMENT UNIT

The core duty of this department, consisting of 10 case managers and 8 assistants, is to investigate and resolve consumer complaints in accordance with the Consumer Protection Act 68 of 2008 and the regulations thereof. Its function is centred around the vision of the Motor Industry Ombudsman of South Africa (MIOSA) as published on its website and is guided by the following considerations: South African law; Consumer Protection Act 68 of 2008 and regulations; South African automotive industry code of conduct; need to resolve disputes rapidly; good customer care and engineering practice; fairness; principles of natural justice; cost effectiveness.

In addition to handling complaints referred to the office of the MIOSA, the department also receives referrals from the provincial consumer protection offices.

The department has made continuous learning a way of life and has embarked on technical and regulatory training that ran throughout 2016. This has yielded good results in terms of an increase in production and upskilling.

SYSTEMS AND ADMINISTRATION DEPARTMENT

The year under review was a period of great change and development in the systems and administration department at the office of the Motor Industry Ombudsman of South Africa (MIOSA).

The main objective of the changes made to the system was to improve efficiency and increase productivity. The process included the creation of an online application system where consumers can apply for the assistance of the MIOSA with less effort. This was also developed with the goal of becoming more eco-friendly by limiting paper usage in the application process. This new development went live, so to speak,

on the first day of February 2017 after an extended development process to make it as user-friendly as possible.

The systems and administration department is also tasked with the responsibility of staff training regarding the systems and procedures of the MIOSA.

KEY PROCEDURE AREAS

The systems and administration department is also responsible for the handling of the MIOSA's main email account. This is where inquiries and requests are responded to regarding the processing and receipt of new applications.

The department deals with thousands of complaints at any given time. A special filing system had to be developed to allow for the quick access of files on request, also keeping control over the location of each file at any given time.

Then comes the task of collecting and archiving all closed cases, ensuring that all supporting documentation and correspondence collected are attached to the system, archived and boxed for storage.

INFORMATION AND LIAISON OFFICE

The establishment of the Motor Industry Ombudsman of South Africa's (MIOSA) information and liaison office has exceeded all expectations. Year-on-year the office succeeded in giving immediate assistance to a larger number of consumers. This has been achieved through continuous training of the staff and good management.

The information and liaison office is the point of first contact with the MIOSA for most consumers seeking assistance. This is where the consumer is informed regarding his/her rights versus the supplier's responsibility in terms of the South African legislation. Consumers are able to obtain first-hand advice on how to proceed and ensure their rights are protected should they wish to pursue recourse after

failing to reach an amicable solution between them and suppliers within the motor industry.

The office of the MIOSA accepts this responsibility with a clear understanding of the implications involved in failing to supply the correct information.

The information and liaison office also works closely with the case management unit to provide accurate and adequate updates to any party seeking information on relevant cases. The symbiosis of these two departments is crucial to the overall performance of the service the MIOSA provides in the conciliation of disputes.

The number of calls received by the MIOSA during the 2015 financial year totalled 175 932. This number decreased to 169 703 during 2016. This can be attributed to the quality of the information and advice provided by the information and liaison officers. This has prevented the need for consumers to contact the MIOSA time and time again in order to receive the necessary information they needed to proceed in a dispute.

In collaboration with the administration department, a system has been developed to send out automated responses reflecting adequate information regarding consumer's submissions.

REGISTRATIONS

Looking at the overall picture for the period under review, it is obvious that the major sectors within the industry are more and more complying with legislation and are registering with the office of the Motor Industry Ombudsman of South Africa (MIOSA) and are paying the prescribed contribution in the process.

Negotiations at the beginning of 2016 with component manufacturers were concluded, resulting in a large number of registrations from this sector. A major parts retailer also registered all its retail outlets during the first quarter. This gave the year a great start and the registration process a much-appreciated momentum.

The fact that some vehicle finance houses insist on proof that the business is registered with

the MIOSA, brought in a flood of registrations from vehicle dealers – mainly used – during the year. Exotic car importers also registered. All the passenger vehicle importers and manufacturers, who have over many years supported the office of the MIOSA, are now registered.

A further continuous flow of registrations followed, thanks to a major drive from a national fitment centre group which motivated its franchisees to register with the MIOSA.

The mechanical workshop sector put in a steady showing throughout the year. It was encouraging to note the number of filling stations, roadworthy centres, motorcycle dealers, panel shops and spares shops that have registered.

Most truck importers as well as motorcycle importers registered during the year. The boat engine importers registered after representatives of their association met with the ombudsman.

Participants in the following sectors of the industry started registering during the year: the yellow equipment importers and distributors, the major tractor brands, bus and coach importers, trailer manufacturers and importers of forklifts.

Members of the outdoor power product association, representing the lawnmower retail outlets, continued to support the MIOSA.

It is worrying that slow progress has been shown by amongst others engineering shops and used parts establishments. During the year ahead MIOSA inspectors will focus on these sectors.

THE ROLE OF MIOSA INSPECTORS IN THE REGISTRATION PROCESS

The office of the Motor Industry Ombudsman of South Africa (MIOSA) has, since accreditation by the Department of Trade and Industry, appointed inspectors in the provinces with the highest activity in the motor industry.

In 2017 inspectors will be appointed in the remaining provinces.

The main focus of the MIOSA inspectors is to visit participants in the automotive

industry and to assist them in the registration process, since paying the contribution is a legal requirement. They also explain the benefits that contributors derive from their registration with the MIOSA.

In the normal execution of their daily tasks, inspectors also check if contributors are registered with the MIOSA and whether they are up to date with their contributions. In cases where owners have indicated that the business no longer trades, an inspector will visit the premises to confirm closure.

Every MIOSA inspector currently visits 15 to 20 dealers and service providers on a daily basis.

PUBLIC AFFAIRS DEPARTMENT

In terms of the South African Automotive Industry Code of Conduct, one of the many functions of the office of the Motor Industry Ombudsman of South Africa (MIOSA) is to conduct ongoing consumer education and awareness campaigns. This is to ensure that consumers and suppliers are made aware of their rights and responsibilities. The public affairs department has partnered with all the provincial consumer protection offices across the country in order to make consumer education workshops and awareness campaigns possible.

Furthermore, the public affairs department is also supporting the consumer protection forum which comprises all the provincial consumer protection offices and other regulators. Through this partnership, the public affairs department has extended these workshops and awareness programmes to the rural areas where consumers have limited access to information. Representatives of the public affairs department have, in addition, participated on radio and television consumer talk shows.

The public affairs department has also collaborated with the inspectorate department of the MIOSA to educate suppliers regarding the South African automotive industry code of conduct and its prescribed compliance thereto.

OPERATIONS

The implementation of the South African Automotive Industry Code of Conduct (Code) and the accreditation of the Motor Industry Ombudsman of South Africa (MIOSA) in October 2014, resulted in an increase in the number of complaints and contacts received. It was therefore necessary to increase the staff complement. With the larger staff complement the MIOSA's capacity to process complaints has increased exponentially in 2016.

The Consumer Protection Act (CPA) of 2008 and the Code, in conjunction with years of preparation by the MIOSA, has greatly contributed in improving the turnaround time during 2016. System changes, upgrades and restructuring of infrastructure where necessary is ongoing to improve the services of the MIOSA even further.

Training for all staff members in technical, CPA, Code, systems and negotiation is conducted on a weekly basis.

Incoming calls to the information and liaison office (I & L) have decreased over the past year compared to the same period in 2015/16. Staff members are able to assist consumers more effectively, so as not to warrant continuous call backs.

More staff was hired and trained for the case management unit (CMU) in order to handle the ever-increasing complaints lodged with the office.

The administration department assisted the CMU in managing cases and maintaining case records.

The inspectorate department also continues to grow, helping those in the motor industry who have not yet registered with the MIOSA, as prescribed by the Code.

The public affairs department was established in 2016. The department works closely with all the provincial departments to conduct ongoing awareness programmes to educate consumers, suppliers and all other participants within the automotive industry on vehicle-related matters. ●

LETTERS RECEIVED BY MIOSA

Thank you very much for the speedy service.

My appreciation for the action and commendation for the service and the manner in which it was done is extended to you and all that assisted me.

Kind regards

J VAN DEN HEEVER

I just want to thank you for assisting us in this matter. We really appreciate all you have done.

Thank you very much.

Regards

W TERBLANCHE

Many thanks for your help in resolving this matter. Your assistance and professionalism was outstanding and I am deeply humbled by your help.

Many thanks to all once again and may God richly bless you.

Best regards

A ARUMUGAM

Vreeslik dankie.

MIOSA het regtig staatmaker diens gelewer.

Ek kan nie genoeg vir julle dankie sê vir al julle hulp en geduld nie.

Vriendelike groete

E TALJAARD

Thank you for your fair and positive ruling in my favour. I am in awe of MIOSA's ability to protect me as an individual in this matter. MIOSA was utterly professional and diligent in handling this case. It means a lot that there is still fairness in rulings in this day and age. This will not go unnoticed.

Please accept my sincerest appreciation.

Kind regards

B BLAIR

I would like to thank MIOSA for the time, effort and interest applied thereto that culminated in the matter being resolved.

Yours faithfully

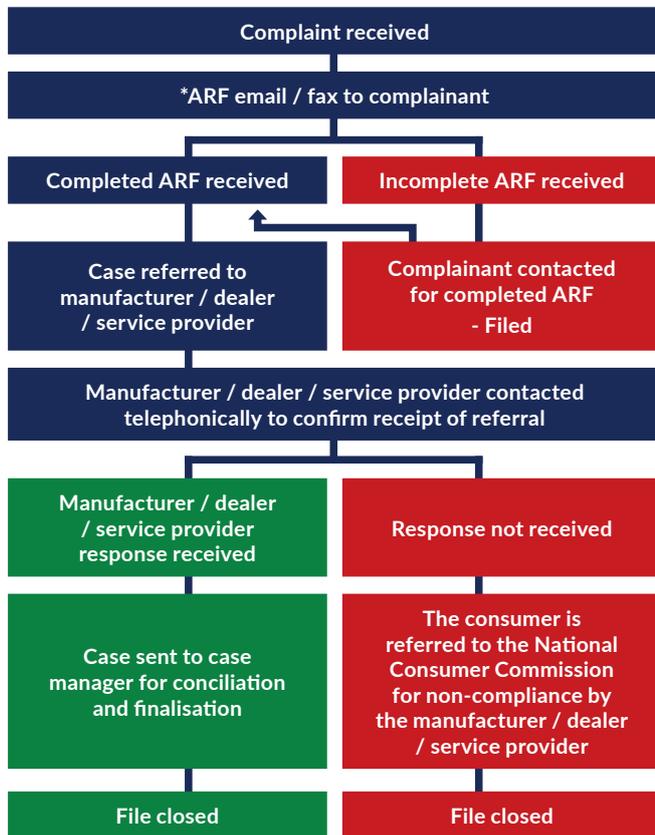
L EGNOS



Left to right: Refilwe Phala, Leanne Lubbe, Nick Brandt, Beverley Schwabe, Prudence Buys, Darren Smith, Daniela Briesies

COMPLAINT PROCEDURE

THE MIOSA COMPLAINT PROCEDURE VIA EMAIL OR FAX – MANUALLY LOGGED ON THE SYSTEM



A dispute must be submitted on the official MIOSA “Assistance Request Form” (ARF) and filed with the office of the MIOSA by either facsimile, email or pre-paid registered post. Once received, the complaint is logged on our system and an email is sent to the consumer reflecting their case reference number (which is to be used in all future correspondence). Should the MIOSA receive an incomplete ARF, the complainant is contacted and requested to complete the document and resend it to the MIOSA. The case cannot continue until a completed ARF is received. The complaint will then be forwarded under a covering letter to the other party involved for their comment. The other party will be contacted to confirm receipt of the referred complaint. The other party has 10 business days to send the MIOSA his/her comments. On receiving the response, the conciliation process will begin. If a response has not been received, the consumer is referred to the National Consumer Commission.

THE MIOSA COMPLAINT PROCEDURE VIA ONLINE APPLICATION FORM ON OUR WEBSITE



The consumer completes the online application form found on the website of the MIOSA and submits it, which automatically logs the case on the MIOSA system and an automatic email is sent to the consumer reflecting their case reference number (which is to be used in all future correspondence). The complaint will then be forwarded under a covering letter to the other party involved for their comment. The other party will be contacted to confirm receipt of the referred complaint. They have 10 business days to send the MIOSA his/her comments. On receiving the response, the case is then sent to a case manager for conciliation and finalisation. If the party refuses or neglects to respond, the matter is referred to the National Consumer Commission. ●

CASE STUDIES

COMPLAINT

A consumer purchased a previously owned vehicle from a dealer. A month later the vehicle suffered an engine failure which the consumer reported to the dealer. The dealer suggested that the consumer repair the engine at his own cost. Alternatively, the dealer undertook to refund the consumer R25 000 of the purchase price of R48 000.

CONCLUSION

MIOSA found that the vehicle in question did not meet the requirements as stated in section 55(2) of the Consumer Protection Act (CPA). The MIOSA was also of the opinion that the consumer had acted in line with the above-mentioned section of the CPA by reporting the faults. He also showed willingness to give the dealer a chance to apply corrective measures. MIOSA found that the dealer must carry the cost to repair the engine with no cost to the consumer.

COMPLAINT

A consumer purchased a motorhome from a dealer. The motorhome had a few problems: turbo hassles and a leaking cab. At a later stage the consumer discovered that the floor panels of the motorhome were rotten. The consumer spent R22 765 to repair the floor panels. The dealer informed the consumer that the motorhome was sold with no obligation to carry out any repairs after delivery. The dealer did not accept any liability for the repairs.

CONCLUSION

The MIOSA found that the motorhome did not meet the requirements stated in section 55(2) of the CPA. It ruled in terms of Section 56 (2) of the CPA and requested the dealer to repair the motorhome. However, as the motorhome had already been repaired, the dealer agreed to refund the consumer the cost of the repairs.

COMPLAINT

A consumer purchased a previously owned motorcycle, but within a few weeks he

started experiencing inconsistent idling and cutting out problems. He took the motorcycle back to the dealer on five occasions but the problems persisted. The consumer eventually asked the selling dealer to cancel the deal. The selling dealer then offered to contribute 50 percent towards the cost of repairs.

CONCLUSION

The MIOSA found that the motorcycle did not meet the requirements as set out in Section 55 of the CPA. The MIOSA recommended that the sale agreement must be cancelled and that the selling dealer must refund the consumer the purchase price, less the cost of usage.

COMPLAINT

A consumer bought a previously owned vehicle from a dealer. Two days later the owner noticed oil in the radiator. The consumer informed the dealer and was asked to bring the vehicle back.

CONCLUSION

The MIOSA found that the vehicle did not meet the requirements stated in section 55(2) and 56 (1) & (2) of the CPA. The consumer had acted in accordance with the abovementioned sections by reporting the faults and showing willingness to give the dealer a chance to repair the vehicle. It was recommended that the dealer collect the vehicle at his own risk and expense and repair it at no cost to the consumer.

COMPLAINT

The vehicle broke down two weeks after the consumer took delivery. A warning light indicated that the vehicle required a check. The vehicle was returned to the selling dealer on four separate occasions.

CONCLUSION

The MIOSA found that the consumer acted in accordance with section 56, subsection 2(a) of the CPA. The consumer reported the faults and showed willingness to give the selling dealer the opportunity to rectify the

problem. However, with the above in mind, the MIOSA could not support the consumer's expectations that the selling dealer settle the outstanding balance on the consumer's finance and cancel the deal, as the vehicle had been repaired.

COMPLAINT

A consumer purchased a previously owned vehicle and from day one experienced problems with the engine cutting out. The vehicle was returned to the dealer to have this rectified. Eight months later the problems were still not resolved. The consumer approached the office of the MIOSA for assistance regarding the complaint.

CONCLUSION

The MIOSA recommended that the manufacturer must take ownership of the complaint and resolve this matter. The manufacturer was also informed that due to the consumer's line of business they had to provide her with a courtesy vehicle.

After a short period of time the MIOSA received written confirmation that the engine replacement had been approved in accordance with the manufacturer's warranty at no cost to the consumer.

COMPLAINT

Four months after purchasing a new vehicle, the owner noticed a water leak in the interior of the vehicle. As a result the roof lining had to be replaced. The vehicle went back to the dealer three times for the same problem. The dealer maintained that the roof lining had been replaced twice under the manufacturer's warranty, at no cost to the consumer. The consumer had an after-market towbar and tracking system fitted after taking delivery of the vehicle. The fitment centre that installed the equipment cut into the rubber tube and broke the clips which caused the leak in the right rear corner of the roof lining.

CONCLUSION

The MIOSA found that the claim for the repairs was rejected due to the fitment of the accessories by a third party and as a result could not support the expectations of the consumer.

COMPLAINT

A consumer purchased a used vehicle from a franchised dealer. The dealer promised to supply him with a spare key at a later stage. Seven days later he discovered some faults and immediately reported these to the dealer and also arranged to collect a spare key. The selling dealer told him that they will inform him when to bring the vehicle for repairs and to also collect a spare key. After numerous phone calls without feedback, the consumer sought legal advice and his legal representative wrote to the selling dealer but did not receive a response. The MIOSA investigation revealed that the selling dealer had closed down. In cases such as these, the CPA and the code of conduct entitle the MIOSA to refer a complaint to anyone within the supply chain.

CONCLUSION

The MIOSA referred the complaint to the importer and after concluding their investigation, they undertook to refund the consumer the cost of repairs and to also supply him with a spare key. ●



Left to right: Caroline Damons, Robin Wright, Ellen Engelbrecht

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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. We trust that our services will continue to benefit all parties in 2017. ●



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