

CGSO STAKEHOLDER NEWSLETTER

4th Issue of 2019 - published January 2020



CONSUMER GOODS
& SERVICES OMBUD

Fairplay between consumer & supplier

A MESSAGE FROM THE OMBUDSMAN



Magauta Mphahlele: Ombudsman

BETTER TOGETHER IN 2020

The uncertainty that dogged the global economic outlook in 2019 looks set to follow us into 2020. As a result, we can expect to see an uptick in companies and individuals trying to make a fast buck, and with it, the risk of associated reputational damage to the entire industry. Now more than ever, we need to work together to ensure a level playing field and prevent unscrupulous suppliers from taking advantage of cash-strapped consumers.

The CGSO and our participants have an important role to play when it comes to ensuring fair play between consumer and supplier. An effective ombuds office can help resolve misunderstandings without legal recourse, advise on statutory rights of both parties, and smooth ruffled customer feathers. We strive to promote confidence in the system, and confidence in the brands of our participants, as the act of signing up signals a commitment to acting honourably, notwithstanding the occasional misunderstanding due to a service glitch.

By now, after five years of serving the consumer goods sector, participants know that we act impartially and independently – favouring neither party above the facts. Given the interpretive nature of the law, we appreciate and value the robust discussions that often arise in our quest to ensure that the law and the code is applied fairly. We also learn from these engagements and are happy when participants agree to amend their practices and policies to bring them fully in line with the Code.

We also know that any delays in resolving consumer complaints can have a knock-on effect on our participants' brands and reputation, which is why we set so much store by resolving issues and closing cases as expeditiously as possible. This is not always easy given our ever-increasing caseload, but we are continuously monitoring and improving our capacity and processes to ensure that we deliver a better service to complainants and participants.

If there is anything we can do to improve our service to you and your customers, please do not hesitate to contact me or any members of my team.

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FROM THE CEO'S DESK



Queen Munyai: CEO

We ended the year on a high note by welcoming 30 new participants to the Scheme during the fourth quarter, raising the number of participants signed up in 2019 to 89, compared to 61 in the previous year. The steady increase quarter on quarter speaks to the hard work of our business development team as well as the calibre of our 804 participants, their commitment to fair play, and their trust in our independence.

We welcome in particular the SME's – the small business who form the backbone of our economy – who have

committed to working with us to ensure fair play and by so doing, helping to inspire consumer confidence during difficult trading conditions. In total, 27% of new sign-ups were from this category (Group 5 and 6).

Other performance metrics are also up: we opened 8 735 cases in 2019, compared to 7 749 cases in 2018, and closed 8 777, a significant improvement on the 6 814 cases closed in 2018. Based on our customer feedback surveys, where we scored an average of 80%, our case management team worked hard under an ever-increasing caseload to maintain acceptable service standards.

Call volumes continue to rise on the back of increased visibility on social and other media platforms. We are ever mindful that we are often the only recourse for the poor and marginalised consumers in our society and as a result, we will soon be launching a CGSO SMS code, which consumers can use to request a callback by our trained call centre staff. We also enjoy a good relationship with more than 65 regulators and other dispute resolution bodies from different sectors to whom we refer consumers whose complaints do not fall within our jurisdiction.

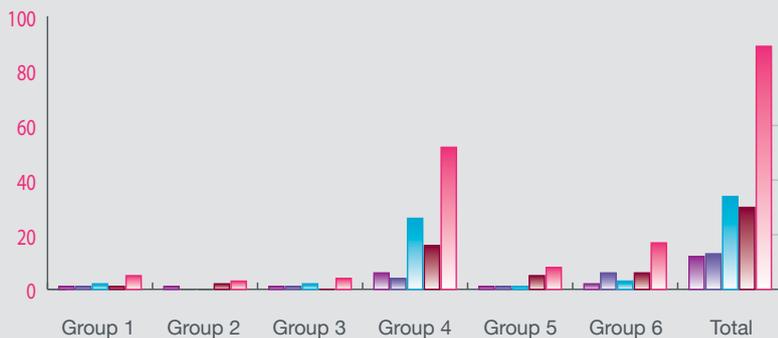
Education around the Code and the CPA is also an important part of our mandate, so please give us a call to find out how we can support your customer care departments, bearing in mind that the CPA training programme is free of charge to paid-up participants. My sincere thanks once again to our valued participants, and to the CGSO team for their hard work and commitment to ensuring that we meet our strategic objectives.

Best wishes
Queen Munyai

PARTICIPANT COMPLIANCE DRIVE

We are pleased to report that our supplier sign-up drive is continuing to yield positive results with 30 participants signing up in the last quarter of the 2019 calendar year.

PARTICIPANT COMPLIANCE DRIVE

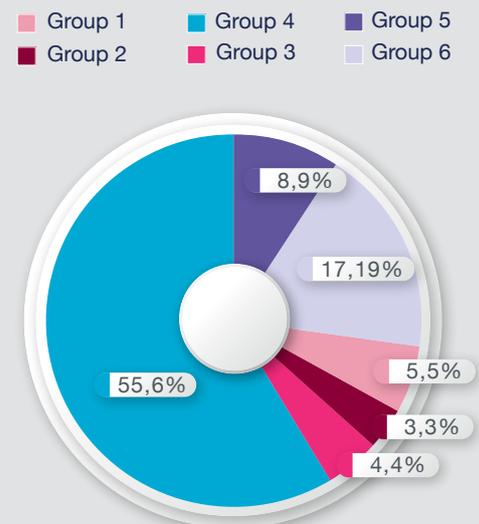


New Participants

	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6	Total
Q1	1	1	1	6	1	2	12
Q2	1	0	1	4	1	6	13
Q3	2	0	2	26	1	3	34
Q4	1	2	0	16	5	6	30
Total	5	3	4	52	8	17	89

As at end of December 2019, 89 new participants had signed up to the CGSO, bringing the total number of participants to 804.

PARTICIPANT CATEGORY



Of the 89 participants who have joined since January 2019, more than half (55.6%) fell into Group 4 (turnover above R51 million to R500 million), followed by 17% in Group 6 (turnover less than R5 million).

WELCOME ABOARD

We welcome the following new members to the CGSO scheme as valued partners in our quest to promote best practice and fair play in the industry.

PARTICIPANT NAME	GROUP
BAYER PTY LTD	1
EKHAMANZI SPRINGS (PTY) LTD	2
HALEWOOD INTERNATIONAL (PTY) LTD	2
GLODINA TOWELLING (PTY) LTD	4
EASYBIZ (PTY) LTD	4
ELANDS NURSERY CC	4
ROADRUNNER 24HR MOBILE LOCKSMITH	4
CLEOPATRA TISSUE PRODUCTS (PTY) LTD	4
DB INDUSTRIES CC	4
COPPER TUBING AFRICA (PTY) LTD	4
ZONE FITNESS CLUBS (PTY) LTD	4
STANLEY BLACK & DECKER NETHERLANDS BV	4
HAIBO TRADING	4
DISPLAY ART (PTY) LTD	4
HSFS INVESTMENTS CC	4
COLIBRI TOWELLING WESTERN CAPE (PTY) LTD	4
HENNIE PRINSLOO BOERDERY	4
EMA PACKAGING (PTY) LTD T/A EASY PACKAGING SYSTEMS	4
A.N.F MANUFACTURERS (PTY) LTD	4
ESQUIRE SYSTEM TECHNOLOGY (PTY) LTD	4
FANEL RESTAURANT & CATERING SUPPLIES (PTY) LTD	4
GREAT DOMAINES CC	4
EZ WASTE (PTY) LTD	5
GRIP-TECH (PTY) LTD	5
DE MEYE WINES (PTY) LTD	5
ENDURATECH PRODUCTS (PTY) LTD	5
DRAYMAN'S BREWERY CC	5
EKUZENI SUPPLIES (PTY) LTD	6
RISE AND SHINE PALAR BEAUTY	6
SHUPUP INDUSTRIES (PTY) LTD	6
DRYPOWER SOUTH AFRICA (PTY) LTD	6
EKHONNECTOR	6
A-REST-A- BED (PTY) LTD	6

CONSUMER AND PARTICIPANT AWARENESS DRIVE

Black Friday kept us and the consumer media busy for much of the quarter. This is an important event on the consumer calendar, and our media engagement focused on the rights and responsibilities of suppliers and consumers, specifically, on the right of return (regardless of the reason) as well as best practice when it comes to issues around quality of goods, availability of stock, bait marketing, pricing, and deliveries. Our thanks to the following media partners who invited us to participate in a total of 23 radio interviews, and to The Star and Times Live for their continued interest in our work:

- Tru FM
- Inkonjane Community Station
- Mmabatho Community Station
- Mhlobo Wenene FM
- Voice of the Cape FM
- Alex FM
- Lesedi FM
- 702 FM
- Vaaltar FM
- Motswedding FM
- Thobela FM
- SA FM
- Phalaphala FM

COMING SOON: CGSO SMS SHORT CODE

Look out for our SMS short code which we'll be launching soon. Consumers will be able to dial **48030**, and we'll call them back.

SOCIAL MEDIA

We continue to experience high levels of engagement on our social media platforms, which are rapidly becoming the preferred medium for Millennial and Generation Zee consumers wishing to interact with the CGSO.



FACEBOOK:
@ConsumerGoods&ServicesOmbud



TWITTER:
@CGSOmbud

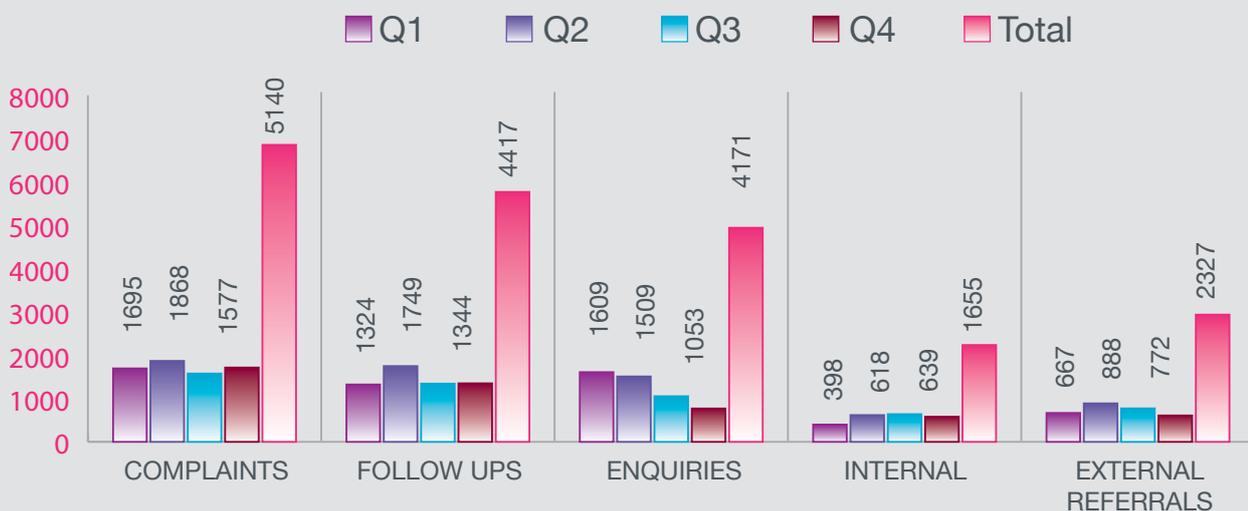


YOUTUBE:

CALL CENTRE STATISTICS

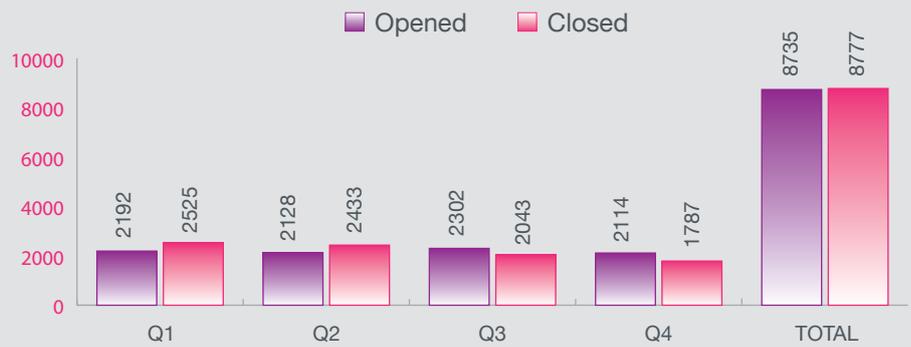
In the 2019 calendar year, we received 22 735 calls.

QUARTERLY CALL CENTRE STATISTICS



COMPLAINTS RECEIVED AND CLOSED

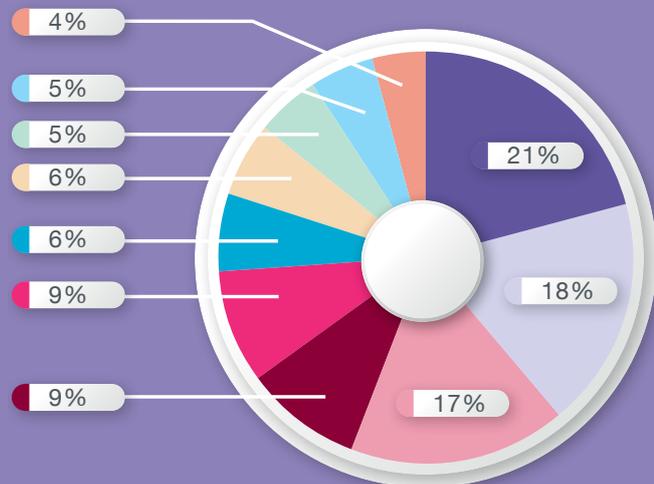
For the period 1 January 2019 to December 2019, we received a total of 8 735 cases and closed 8 777.



COMPLAINTS RECEIVED & CLOSED

NATURE OF COMPLAINTS

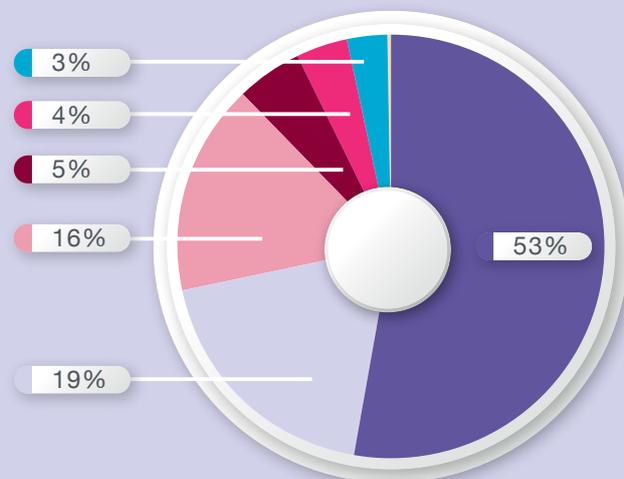
- 1504 | Service not of expected Quality
- 1290 | Goods Defective within 6 months
- 1214 | Agreements, Cancellation
- 683 | Service, Overcharged
- 658 | Delivery, Not on Time or Reasonable
- 485 | Service, Not Provided in Time
- 419 | Delivery, Not as per Order or Requirements
- 367 | Agreements, Unfair Terms
- 342 | Goods, Defective after 6 months
- 300 | Treatment, Shocking or Exploitation



OUTCOME OF COMPLAINTS

Excluding the 643 matters that were either outside of our jurisdiction, withdrawn, or duplicated, 61% of cases resulted in positive outcomes for the complainants. Of these, 53% were fully in favour, 5% partially in favour and in 3% of cases, assistance was provided. It is important to note that when a case is upheld fully, it is because the parties reached an amicable settlement which includes goodwill gestures by suppliers for the purposes of customer retention, fairness and reputation management.

- 609 | Resolved Complaint Upheld Fully
- 215 | Resolved matter not upheld
- 188 | Dismissed no co-operation supplier
- 55 | Dismissed no co-operation –complainant
- 42 | Resolved complaint upheld partially
- 32 | Resolve assistance provided
- 3 | Matter not yet referred to supplier



CASE STUDY

DO CONSUMERS HAVE ANY RECOURSE FOR GOODS BOUGHT ON AUCTION?

Spoiler alert: they don't, but that doesn't mean that auctioneers can act with impunity!

BACKGROUND:

What happens when you purchase a TV at an auction, only to discover that it is faulty once you plug it in back at home?

This was the unfortunate experience of a consumer who turned to the CGSO for help when he discovered that despite the TV still being under warranty by the manufacturer, neither the manufacturer nor the supplier (in this case the auctioneer) were prepared to honour it. The supplier referred the client to the manufacturer who in turn referred the consumer to the terms and conditions of their warranty which state that the 24-month guarantee only applies to the first purchaser who legally acquires the product from an authorised dealer. In other words, it is not transferable.

WHAT THE LAW SAYS:

This is an interesting case as it has three legal aspects to it:

- On the face of it, sections 55 and 56 of the CPA – the section that deals with a consumer's right to expect goods that are safe, free of defects and in good working order for a period of 6 months – specifically excludes goods bought at auction.
- Section 61, however, holds anyone in the supply chain liable for damages caused by defective goods, even if the supplier was not negligent unless it would have been unreasonable to expect the auctioneer to have discovered the unsafe product, characteristic, failure, defect or hazard, having regard to the auctioneer's role in marketing the goods to consumers as per section 61(4)(c).
- Additionally, regulation 44(3)(u) provides that a term in a consumer agreement is presumed unfair if it has the purpose or effect of restricting the consumer's right to re-sell the goods by limiting the transferability of any commercial guarantee provided by the supplier or manufacturer.

Therefore, irrespective of the exclusion in section 55(1), an auctioneer must still comply with section 41, which prohibits the making of false, misleading or deceptive representations in the marketing of goods and services. Section 41 is reinforced by regulation 24(m), which prohibits an auctioneer from knowingly misrepresenting the value, composition, structure, character or quality of the goods put up for sale at an auction.

OUR RECOMMENDATION

The ombudsman has advised the complainant to seek recourse from the auctioneer, depending on the representations made by the auctioneer regarding the quality of the goods and the existence of any warranties.

The CGSO is in discussions with the supplier regarding the transferability of the warranty on the grounds that the CPA extends protection not only to consumers who transacted directly with the supplier but "if the context so requires or permits, a user of those particular goods or a recipient or beneficiary of those particular services, irrespective of whether that user, recipient or beneficiary was a party to the transaction concerning the supply of those goods or services;". This definition of a consumer - read in conjunction with Regulation 44(3)(u) – calls into question the legitimacy of the terms and conditions on the warranty. The question, therefore, is whether by limiting the warranty to the original purchaser, the supplier is not in breach of CPA?

The CGSO is awaiting the response of the supplier and will issue a guideline once the matter is finalised.

LEARNINGS FOR CONSUMERS – LET THE BUYER BEWARE

Consumers who buy goods on auction are advised to exercise caution as auction goods do not carry the implied warranty as provided for in section 55 and 56 of the CPA. However, the consumer can rely on the protections provided by section 41(1) which prohibits a supplier from directly or indirectly expressing or implying a false, misleading or deceptive representation concerning a material fact to a consumer. Even a failure to correct an apparent misapprehension on the part of a consumer may amount to a false, misleading or deceptive representation.

A consumer would also be well advised to inspect the goods beforehand, if possible, with the assistance of an expert. Regulation 28(5) requires an auctioneer to afford consumers a reasonable period of time and opportunity to inspect the goods on offer prior to the commencement of an auction, free of charge, subject to the right to restrict access to such goods on the grounds of the consumer acting unlawfully or in contravention of the rules of auction or to require the consumer to adhere to or submit to any reasonable security measures.



USEFUL CONTACTS

ITEM	CONTACT PERSON	EMAIL ADDRESS
SERVICE AND POLICY ISSUES	Magauta Mphahlele	magautam@cgso.org.za
PARTICIPANT SUBSCRIPTION, FEES AND BILLING	Queen Munyai	queenm@cgso.org.za
COMPLAINTS	Bonita Hughes	bonitah@cgso.org.za
CALL CENTRE, MEDIA AND PARTICIPANT TRAINING	Ouma Ramaru	oumar@cgso.org.za
NEW PARTICIPANT SIGN UP	Katlego Lehabe	katlego@cgso.org.za

CGSO



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