

**FOR IMMEDIATE RELEASE – OCTOBER 2021**

**CONSUMER ALERT: SUPPLIERS MOST LIKELY TO TAKE YOUR MONEY AND RUN**

The Consumer Goods and Services Ombud (CGSO) has over the years identified a trend where certain suppliers operating specific types of businesses engage in unfair business practices and tend to not cooperate with our office to resolve complaints lodged against them. These businesses tend to accept money from their customers but fail to deliver the goods or deliver inferior quality goods or services. An analysis of the sectors and type of complaints shows that small and micro-businesses in the following sectors tend to flout the CPA and don't address complaints lodged against them:

- 1) Tombstone Manufacturers
- 2) Home Renovations
- 3) Building contractors
- 4) Courier Services
- 5) Furniture Movers
- 6) Online Stores operating mainly on Facebook and Instagram – specifically for branded clothing, sneakers, and hair products like wigs.

“The CGSO understand that it is not easy to run a small business, however this is not an excuse to flout the CPA by taking monies from consumers and not delivering the goods or the services. Businesses that respect the law and practice good customer care, tend to flourish and become sustainable”. Said Mr Katlego Lehabe, Business Development Manager at CGSO.

To create compliance awareness among small businesses, the CGSO continues to collaborate with the Small Enterprise Development Agency, Industry Associations and Provincial Consumer Affairs Offices to conduct legal and compliance awareness workshops focusing on small businesses and clients who want information on starting a business. We educate small business on key requirements of the CPA when starting a business and supplier obligations in terms of section 5 of the industry code of conduct. We also partner with business chambers and other industry players (BrownSense, EmpowaWorx and CGCSA) to raise the standard of good conduct in the industry focusing on small businesses.

“Consumers have the right to receive goods and services that they paid for. Too many suppliers within these sectors consistently display a lack of fair and honest dealings with consumers, and as a result, tarnish the reputation of their entire industry. These rogue suppliers accept money from customers and do not deliver or render the services to the promised quality standards. In other instances, goods delivered will be incorrect, or the final product will be of inferior quality. They are also notorious for not making good on their mistakes. After several



unsuccessful attempts to seek assistance from the suppliers,

consumers then turn to the ombud for redress,” says Consumer Goods and Services Ombud, Ms Magauta Mphahlele.

“Consumers are cautioned to do extensive due diligence when engaging with suppliers in these sectors. This includes doing an online search to check what other consumers have said about them, asking for references and checking them, and choosing suppliers that belong to professional bodies. Small and micro-enterprises are an essential component of our economy, but it pays to check their credentials before parting with your hard-earned cash,” advises Ms Mphahlele.

Small businesses are encouraged to sign up with the CGSO so that they can benefit from guidance and support in complying with the CPA. They can sign up on our website [www.cgso.org.za](http://www.cgso.org.za) or contact Mr Katlego Lehabe at [Katlego@cgso.org.za](mailto:Katlego@cgso.org.za)

## CPA KEY COMPLIANCE REQUIREMENTS:

### 1. CONSUMER PROTECTION ACT COMPLIANCE

Did you know that if you are marketing, distributing, manufacturing, or selling goods and services in South Africa, you must comply with the Consumer Protection Act (CPA) irrespective of the size of your business or whether your business is formal or informal? You are also required to register with the Consumer Goods & Service Ombud (CGSO)

### 2. SEC 23: DISPLAY OF PRICES OF GOODS OR SERVICES

You are required to display a price if you are advertising any goods or service to the public unless those.....

- Goods are displayed predominantly as a form of advertisement of your business.
- Goods are in an area within your business premises where the public does not ordinarily have access.
- You have provided a price estimate for repair and maintenance services.

### 3. SEC 16: COOLING OFF PERIOD AFTER DIRECT MARKETING

If you market any goods and services to consumers through social media messages, email, approaching them directly, telephonically or SMS, they have five days to cancel the contract without any penalties and to be refunded any monies paid to you within 15 business days after you receive the notice of rescission or receiving any goods that the customer had in their possession. .



#### **4. RETURNS AND REFUNDS**

That it is good to have a returns and refunds policy to cover instances where consumers change their minds about the products and services bought or ordered from you. Your

customers can legally return goods and receive a full refund, under the following circumstances.

- When the goods are defective, unless if they were tampered with contrary to instructions or they got damaged after leaving the control of the supplier (consumer negligence);
- Goods that were bought because of direct marketing and the consumer has cancelled within the 5 days cooling off period.
- When the goods are bought from a catalogue and they do not fit the description.
- Goods that the consumer did not have the opportunity to inspect, and they are not fit for consumer's requirements.
- Goods delivered are not as per order or are mixed.

## 5. SEC 56: IMPLIED WARRANTY OF QUALITY

Did you know that consumers have the right to receive a refund, replacement, or repair at their own choice if the goods bought from you are defective within 6 months of purchase? This automatic warranty is in addition to your own or manufacturer's warranty.

## 6. SEC 14: FIXED TERM CONTRACTS

Did you know that fixed term contracts can only be for two years unless it can be shown that the longer period provides the consumer with a financial benefit? The contract can be cancelled as follows:

- upon expiry of the fixed term without any penalty or charge. Where the consumer fails to cancel, the contract will convert into a month-to-month contract that can also be cancelled without any penalties after the consumer has given a month's notice.
- at any time by giving the supplier 20 business days' notice but you have the right to charge a reasonable cancellation penalty. It is good practice to indicate your cancellation penalties upfront.

## 7. SERVICE STANDARDS

Did you know that the CPA sets out the Key consumer service requirements? Customers are entitled to:

- Timely performance and completion of services.
- Timely notice of any unavoidable delays in the performance of the services.
- High-quality services, which consumers are entitled to expect.
- Use, delivery, or installation of goods that are free of defects and of a



quality that persons are generally entitled to expect, if any such goods are required for performance of the services.

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- Suppliers are required to remedy any defects in the quality of services performed or goods supplied; or refund the consumers a reasonable portion of the price paid for the services performed and goods supplied, in the event of these being sub-standard.

## 8. REPAIR & MAINTANANCE SERVICES

Did you know that you first must acquire the approval of the customer before effecting any repair or maintenance services by providing the following?

- A breakdown and the total amount to be charged if the repair or maintenance is done.
- The nature and extent of the repair or maintenance.
- The period of validity of the quote; and
- The period within which the consumer must collect the goods and the consequence if he or she does not do so.
- You must warrant every new or recondensed part installed during the repair or maintenance work for a period of 3 months from the date of installation.

## 9. SEC 61: PRODUCT LIABILITY

Any goods that you sell must meet all approved standards and be safe because producers, importers, distributors, and retailer of any goods are liable for death or injury caused by the supply of unsafe goods, product failure, defect or hazard in any goods as well as where such harm is at the result of inadequate instruction or warnings being given to the consumer. The customer can claim damages.

## 10. DEALING WITH DISPUTES

Did you know that you must have a process and capacity to deal with queries and complaints and advise consumers that they can escalate their complaint to the CGSO if you are not able to resolve the complaint?

CGSO contact details:

Share call: 086 00 00 272

WhatsApp: 081 335 3005



## 11. CONSUMER GOODS AND SERVICES INDUSTRY CODE OF CONDUCT





Did you know the application and scope of the Consumer Goods and Services industry code of conduct?

- The code applies to all participants (retailers, suppliers, importers, distributions, etc.)
- it is mandatory for all industry participants above to comply with the provisions of the code,
- to register their participation with CGSO.

## 12. HOW TO REGISTER WITH CGSO

- You can also call us on +27 (0)11 781 2607 and a CGSO business development officer will take you through the registration process.
- To register with the CGSO, simply click [here](#). Alternatively, suppliers can submit their [Participant Application Form](#) to [bongiwem@cgso.org.za](mailto:bongiwem@cgso.org.za).



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