



STAKEHOLDER NEWSLETTER

SERVING YOU BETTER

In our annual report, which we launched earlier this quarter, I reported on the Fit for Purpose organisational review completed in February this year. In the spirit of continuous improvement, the review aimed to assess if the CGSO is effectively and efficiently carrying out its mandate and meeting the needs and expectations of consumers, participants, and stakeholders. During the process, it became clear that there was scope to improve and streamline our internal processes to avoid duplication and capture the nature of complaints more accurately and more consistently. In a data-driven world, this is especially critical as it allows us to identify negative trends in various sectors and engage with industry to ensure that poor business practices do not become entrenched.

As a result, we have spent much of the year improving the call centre and adjudication processes to remove duplications by automating the case management system to enhance the quality of service, improve handovers, and standardise our complaint response templates for consumers and suppliers. These improvements are a direct result of your feedback and are part of our ongoing mission to serving the industry and its customers better.

Every piece of feedback we receive is taken seriously and fed back into the process of continuous improvement.

One of the perennial issues is one of jurisdiction. When complainants call in, it is easy for our call centre agents to advise them immediately whether the complaint is something we are mandated to deal with. However, one of the legacies of lockdown has been that people are increasingly self-reporting via our website. Therefore, it was essential to help consumers determine if they have come to the right place or whether another alternate dispute resolution body is better suited to dealing with their complaints. Accordingly, we recently launched an application on our website **designed to eliminate out of jurisdiction complaints** and ensure that complainants follow due process by allowing suppliers to resolve the issue before reporting it to us. We have also made the process more transparent by providing a clearer picture of the complaints process and the expected timelines involved in each step.

The good news is that this coincides with the return to Lockdown Level One. As the vaccine roll out gains traction, we look forward to resuming our face-to-face meetings with the CGSO

community. Even though we continued having stakeholder meetings via online platforms during hard lockdown, I think we can all agree that it just wasn't the same. Now that both the Ombudsman and I have been fully vaccinated against COVID-19 – along with over 70% of our staff members – we look forward to enjoying a coffee with you and working together to serve our industry and the hard-pressed consumers of South Africa as we head towards the festive season.



Queen Munyai: CEO

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CGSO in the news

A Warm Welcome to the 33 Participants who Signed up this Quarter

NEW PARTICIPANTS	GROUP*
CAPE PRECIOUS METALS	2
DGB (PTY) LTD	2
BMI COVERLAND (PTY) LTD	3
MERIDIAN WINE MERCHANTS (PTY) LTD	3
BUSBY OILS NATAL (PTY) LTD	4
DUROPLASTIC TECHNOLOGIES CC	4
GOMES SAND (PTY) LTD	4
INTERWIL TRADING INTERNATIONAL (PTY) LTD	4
IPS HEALTH AND WELLNESS (PTY) LTD	4
MERIDIAN WINE DISTRIBUTION (PTY) LTD	4
PYRTECHNICAL MARKETING (PTY) LTD	4
TILE MAGIC (PTY) LTD	4
VERIGREEN (PTY) LTD	4
CAPRI EXCLUSIVE HOMEWARE (PTY) LTD	5
CLAYTILE (PTY) LTD	5
CRAFT LIQUOR MERCHANTS (PTY) LTD	5
ABSOLUTE SHEET METAL CC	6

NEW PARTICIPANTS	GROUP*
BESIGEBESIGE BREINTJIES (PTY) LTD	6
BIORUGGED AFRICA PTY (LTD)	6
BJ COOLING AND HEATING (PTY) LTD	6
DEJAY DISTRIBUTORS (PTY) LTD	6
GEIIANSA CC	6
HAMILTON RUSSELL VINEYARDS	6
INKUNZI BUILDING & PLUMBING SUPPLIES	6
JC DELPORT VERSPREIDERS CC T/A DMD	6
KATZ FOOTWEAR (PTY) LTD	6
KWAGGAFONTEIN KWEKERY BK	6
MICKEY TURNER AGENCIES CC	6
MISA AGENCIES CC	6
NICK BESTER PROMOTIONS	6
SOUTHERN RIGHT CELLARS	6
TRURO BRICK AND BLOCK CC	6
HISENSE SA SALES HOLDINGS (PTY) LTD	SG

* Group category based on annual turnover

TOTAL REGISTERED PARTICIPANTS

QUARTER 1



34

QUARTER 3



33

QUARTER 2



40

Total registered participants to date is

1,056

CELLULAR SERVICE PROVIDERS UNDER FIRE – AGAIN



Magauta Mphahlele: Ombudsman

Cellular phones consistently features in the top ten complaints received by this office, and this quarter was no different, with 24% of all complaints received relating to mobile phones or contracts. The issues are wide-ranging, from problems encountered when attempting to cancel contracts to the always thorny Out of Box clause, which is often invoked when trying to return a new cell phone. Other issues included disputes over data balances, illegal SIM swaps, debit orders continuing to be deducted despite contracts having been cancelled and a claim of unfair blacklisting. There has also been a notable increase in service providers running ads for special deals even when those deals are no longer available, which smacks of bait and switch marketing.

On the face of it, these service providers would appear to be non-compliant with section 5.1.1 of the Code of Conduct for the Consumer Goods and Services Sector. This section requires participants to establish effective internal complaints-handling processes that are accessible and understandable to all consumers. Many complainants wrote of having to deal with tired, unresponsive, and – on occasion – ill-informed employees.

COVID-19 staff shortages seem to be playing a role here, and suppliers must be mindful of the reputational risk of spreading staff too thinly and not equipping them to deal with customers effectively, either through training or by providing better and more robust support. There is also a need to review and amend contracts to ensure that they are compliant with the spirit and intent of the Consumer Protection Act (CPA).

Hopefully, as the vaccine roll-out picks up speed, staff complements will return to normal levels, and the load will be more evenly spread.

Complaints against mobile service providers are also tricky for the CGSO to deal with because, with one notable exception, providers have declined to sign up with us on the basis that they are already governed by ICASA, who previously entered into a memorandum of understanding with the National Consumer Commission (NCC) to deal with complaints that fall outside ICASA's jurisdiction. Accordingly, ICASA refers the following complaints to the NCC:

- a) Breach of contract
- b) Misrepresentation
- c) Cancellation of contracts
- d) Bait Marketing
- e) Call limits
- f) Quality of goods (Handsets)

Generally, consumers have multiple contracts involving several telecoms providers, so knowing when to direct a complaint to ICASA and when to go through our office is a source of confusion and frustration for consumers who end up being pushed from pillar to post. We are currently in discussions with the NCC to resolve this issue as section 70 of the CPA expressly gives consumers the right to pursue an alternative dispute resolution process before lodging a formal complaint with the NCC. The current arrangement denies consumers this right and subjects them to unnecessary delays in accessing redress.

Online fraud still a problem for consumers

The number of complaints involving online fraud, where consumers paid for but never received goods or services, was also notably higher this quarter. One such outfit that was in clear contravention of section 19 of the CPA, which governs suppliers' obligations in terms of the delivery of goods or services and their responsibility in the event they are unable to deliver, was Wiegenkind Boutique. Following 38 complaints against this rogue supplier, the CGSO issued a consumer warning against it for fraudulent and unethical behaviour that included either failing to deliver goods or delivering the wrong goods. Based on these complaints, Wiegenkind is engaging in classic bait marketing, whereby the online shop advertises products as being available, knowing very well that they do not have sufficient stock. As soon as payment is made, consumers are told that the goods are out of stock, and the promised refunds either never materialise, or there is an unreasonable delay in refunding customers.

Of the 38 formal complaints lodged against them, only one has been successfully resolved by the supplier. The Ombud has since reported Wiegenkind to the NCC for non-cooperation.

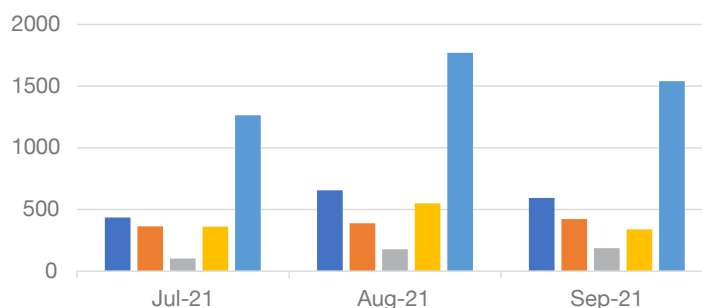
We continue to urge consumers to exercise caution when dealing with new or unfamiliar online brands or e-commerce portals and will continue to issue media alerts regarding suppliers who persistently flout the CPA and fail to cooperate with our office in resolving complaints. Most recently, we were obliged to issue a warning against ANA ELEVEN, another online clothing store that notched up 328 complaints in nine months. Despite lengthy discussions between this office and ANA ELEVEN in which the supplier undertook to resolve all complaints by August, they failed to do so. A number of these cases have since been reported to NCC. We will keep you posted.

Stay safe

THE QUARTER IN NUMBERS

CALL CENTRE STATS

We responded to 4,577 queries this quarter, compared to 5,488 last quarter. Of these, 1,684 people were assisted with initiating the complaints process, and 1,251 were referred to other ombuds offices as their complaints fell out of our jurisdiction.



	Jul-21	Aug-21	Sep-21
Links Word Complaint Forms Sent	436	656	592
Follow-Ups	363	389	424
General Enquiries	104	176	186
Referrals	362	550	339
Total	1265	1771	1541

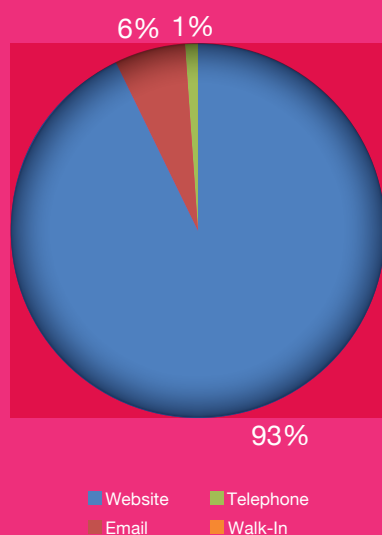
COMPLAINTS RECEIVED AND CLOSED

2,528 complaints were received in the quarter. This is lower than the previous two quarters, although the number of complaints received for the year to date is up 7% year on year.

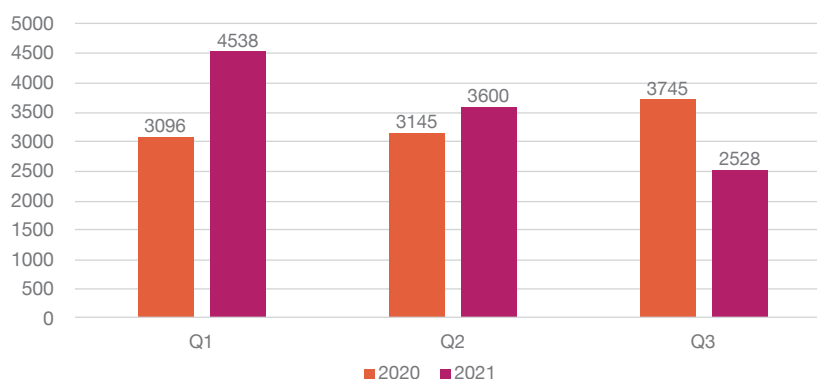
We closed 3,793 cases which is in line with the previous two quarters. Since January, we have closed 40% more cases than in the same period last year thanks to an increase in capacity. Four law graduates joined our team of seven Administrators earlier this year, which will also go some way to reducing our current number of days to close a case from 78 days to our target of 60 days.

HOW COMPLAINTS WERE RECEIVED

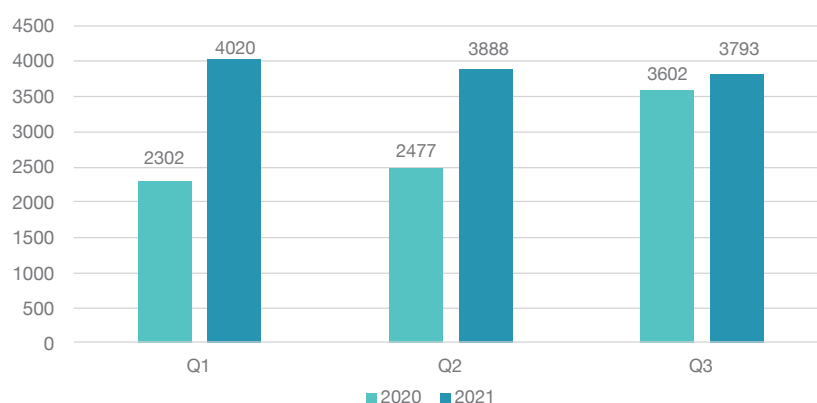
93% of complaints were received via the CGSO website, which is consistent with the previous quarter. This trend – fuelled mainly by lockdown – has caused us to focus on our online complaint process. We have since made several improvements to our website interface to filter out those complaints that fall out of our jurisdiction before entering the system and to ensure that complainants give suppliers a chance to rectify the situation first.



COMPLAINTS RECEIVED



CASES CLOSED



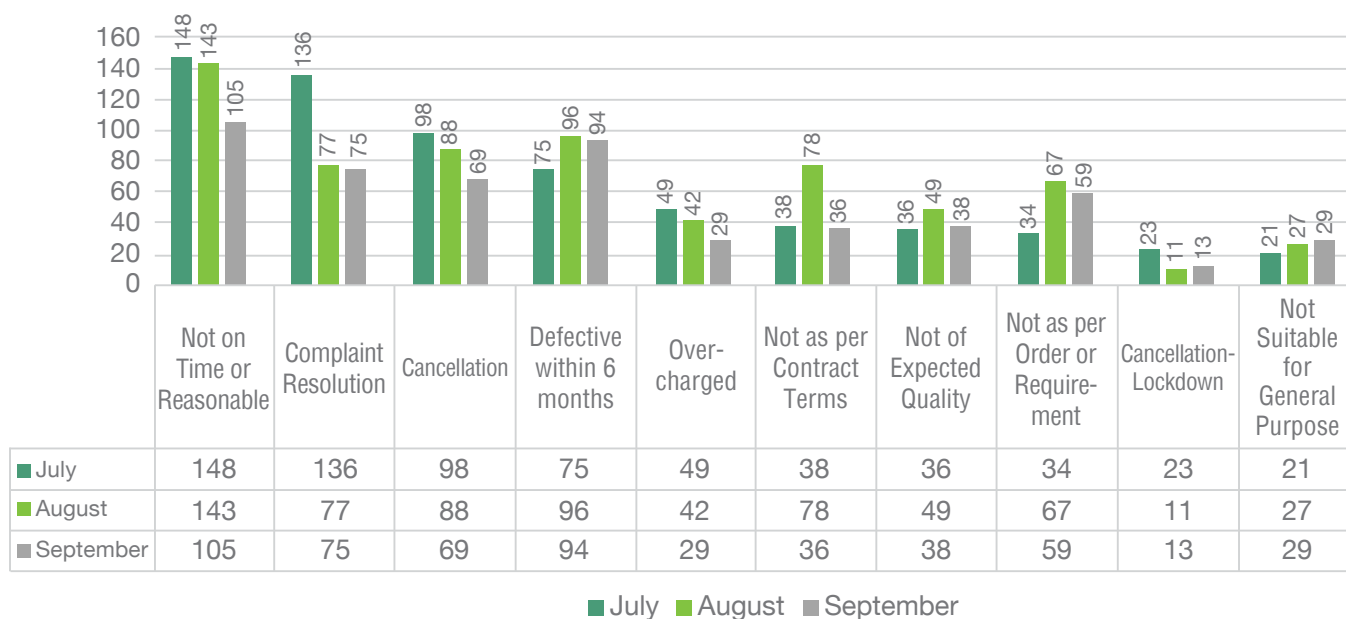
TOP TEN NATURE OF COMPLAINTS RECEIVED

The highest categories of complaints received during the reporting quarter relate to the failure of suppliers to deliver goods on time, or at all. These complaints mainly relate to online transactions, which is to be expected given the increase in e-commerce volumes across the board. However, we are still experiencing the aftershocks of hard lockdown, with some companies failing to deliver because they have ceased trading and are therefore unable to honour their

agreements. The third-highest category relates to the complaint resolution process.

While some of this can be attributed to the loss of a face-to-face element when making online transactions, many complaints exposed failures in customer service more generally, with consumers complaining of poor service due to understaffing and inadequately trained employees.

TOP 10 NATURE

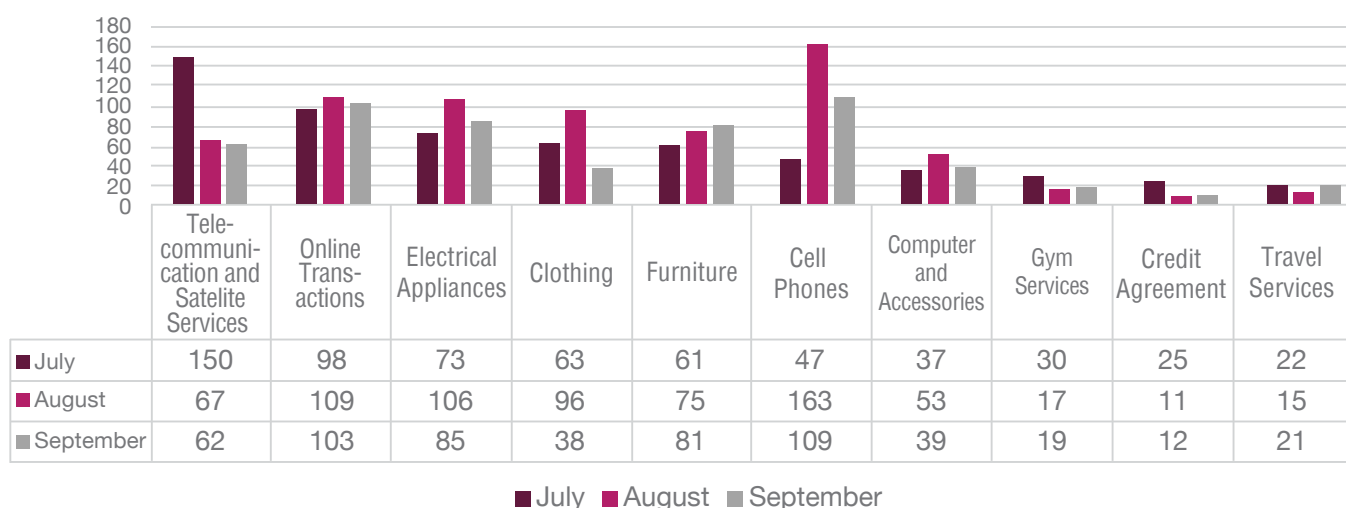


COMPLAINTS PER PRODUCT BREAKDOWN

The impact of lockdown is also apparent in the breakdown of complaints by product. Cellular phones topped the list of products most frequently complained about (319), followed by complaints relating to online transactions (310) and telecommunication and satellite services (279).

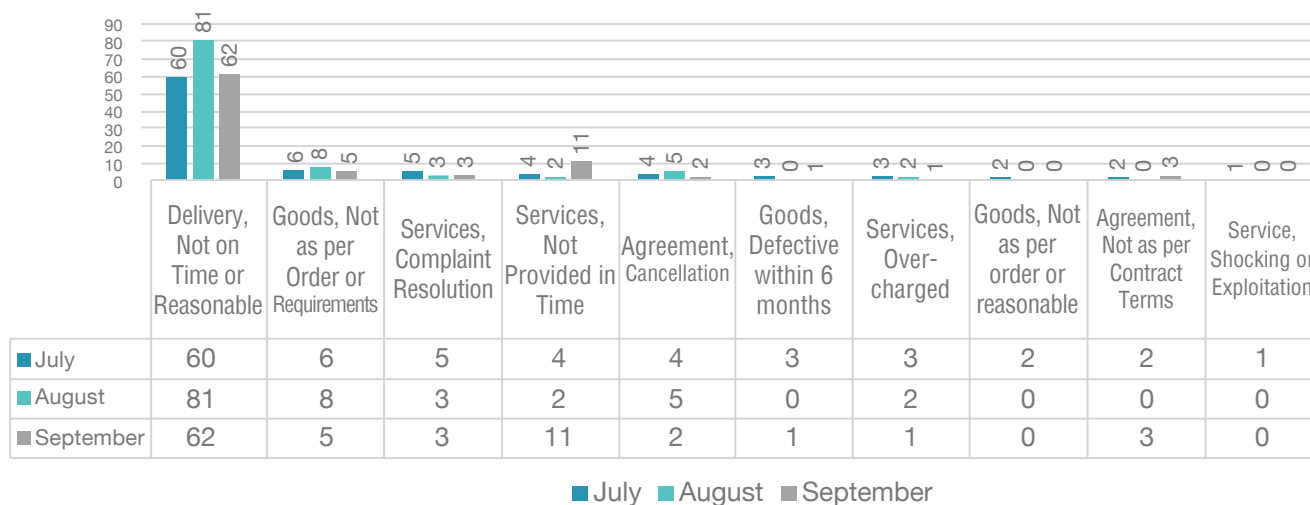
While increased demand for data and mobile services has seen a corresponding increase in complaints against service providers, telecommunications & satellite services as well as cell phones, have historically accounted for a large percentage of consumer complaints by product type.

PRODUCT TYPE



TOP 10 CONSUMER BUG-BEARS WHEN IT COMES TO ONLINE TRANSACTIONS

ONLINE TRANSACTIONS - TOP 10



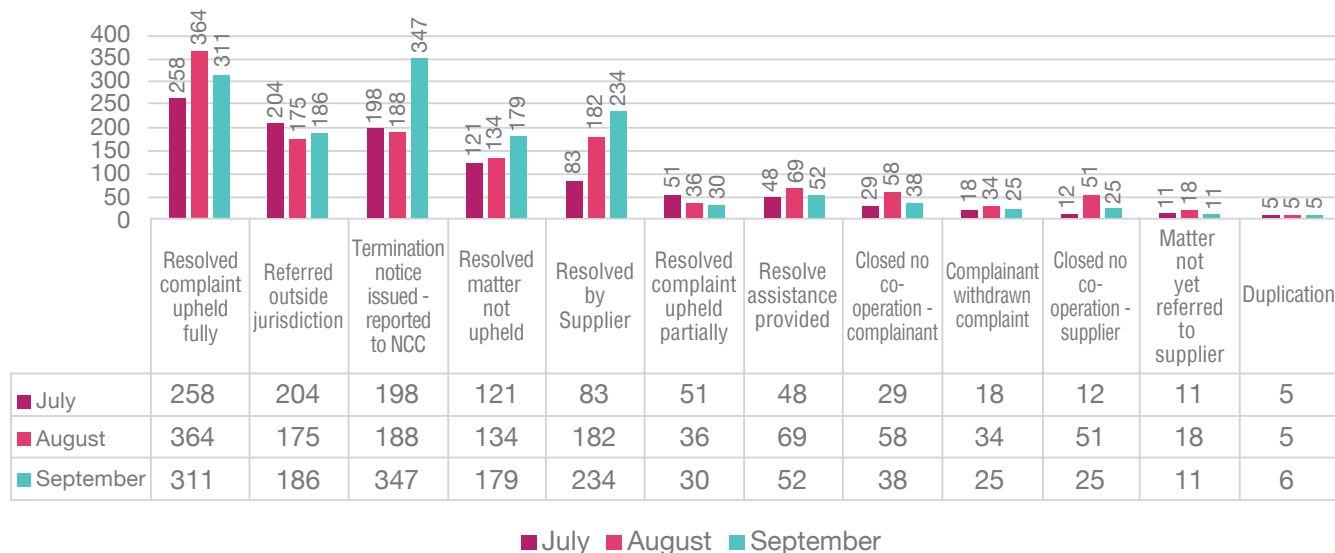
OUTCOME OF COMPLAINTS

55% of cases were resolved in favour of complainants, compared to 60% in the previous quarter. This includes instances where the supplier resolved the complaint completely; where we found partially in favour of the complainant; or where the supplier provided some form of assistance. Out of jurisdiction cases are not included in this calculation.

The number of cases terminated and referred to the NCC for lack of cooperation from suppliers (previously named “Dismissed – Referred to NCC”) leapt 54%, from 476 last quarter to 733, which is a cause for concern. We are monitoring this category closely, although we suspect that the significant increase in referrals to the NCC is attributable to the pandemic, with many businesses unable to issue refunds or having closed down.

On a more positive note, the number of cases outside our jurisdiction fell 44%, from 1,003 in the previous quarter to 565.

HOW RESOLVED



R3.2 MILLION REFUNDED TO CONSUMERS

Some R3,237,252.77 was recovered for complainants, including an amount of R144,630 refunded to a complainant who entered into an agreement with the supplier to buy Rolex watches. Following a disagreement, the complainant cancelled the agreement and requested a refund, which was eventually forthcoming.

Case Study

BUYERS' REMORSE AND THE COOLING-OFF CLAUSE

South African law provides for a cooling-off period to protect consumers from making hasty decisions they may come to regret later. In terms of the Consumer Protection Act (CPA), consumers have five business days within which to cancel a contract or agreement without penalty and receive a full refund. This is known as the cooling-off right.

WHAT HAPPENED?

The complainant had been persuaded by a direct marketing agent to purchase a travel membership while on a trip to a mall on Saturday, 13 February 2021. The complainant cancelled the membership on Friday, 19 February 2021, within the grace period of five business days and requested a full refund. The supplier, however, refused to refund the complainant on the grounds that the cancellation was not made within the cooling-off period and that the complainant had made use of their services when she enquired about the services offered, even though she did not confirm the booking with a payment.

OUR ASSESSMENT:

We referred the supplier to section 16 of the Consumer Protection Act (CPA), which provides that consumers may rescind a transaction resulting from any direct marketing without reason or penalty, by notice to the supplier in writing, or another recorded manner and form, within five business days after the later of the date on which the transaction or agreement was concluded. A supplier must return any payment received from the consumer in terms of the transaction within 15 business days after receiving notice of the rescission.

"16. Consumer's right to cooling-off period after direct marketing...."

- (3) A consumer may rescind a transaction resulting from any direct marketing without reason or penalty, by notice to the supplier in writing, or another recorded manner and form, within five business days after the later of the date on which-
 - (a) the transaction or agreement was concluded; or
 - (b) the goods that were the subject of the transaction were delivered to the consumer.
- (4) A supplier must-
 - (a) return any payment received from the consumer in terms of the transaction within 15 business days after-
 - (i) receiving notice of the rescission, if no goods had been delivered to the consumer in terms of the transaction; or
 - (ii) receiving from the consumer any goods supplied in terms of the transaction; and
 - (b) not attempt to collect any payment in terms of a rescinded transaction, except as permitted in terms of section 20 (6)."

We further advised that one of the aspects we consider regarding cancellation requests is the intention of the complainant. The complainant expressed her desire to cancel the agreement on 19 February 2021, which is well within the cooling-off period. The fact that the complainant made booking enquires does not override the fact that she cancelled the agreement within the cooling-off period. The complainant simply made enquiries. No payments were made towards the booking.

THE OUTCOME:

We, therefore, made a recommendation in favour of the complainant for a full refund, and the supplier agreed to comply with our recommendation.

Case Study

CAN A MATTRESS STAIN VOID YOUR WARRANTY?

Purchasing a new mattress is a treat few of us can afford to do very often, so when it goes wrong, it can be a crushing blow.

WHAT HAPPENED?

Within two months of purchasing a brand-new bed, the mattress allegedly began to sag in the middle. When the complainant reported the faulty mattress and asked for a replacement, the supplier advised that because the mattress had been stained, the manufacturer's warranty was voided.

OUR ASSESSMENT:

Section 55 of the CPA provides that every consumer has a right to receive goods that:

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

Additionally, section 56 states that within six months after the delivery of any goods to a consumer, the consumer may return the goods to the supplier, without penalty and at the supplier's risk and expense, if the goods fail to satisfy the requirements and standards contemplated in section 55, and the supplier must, at the direction of the consumer, either—

- (a) repair or replace the failed, unsafe, or defective goods; or
- (b) refund to the consumer the price paid by the consumer, for the goods.

THE OUTCOME:

Given that the mattress started sinking within two months of purchase and when it was still within the CPA implied warranty, the stain was not material. Our office requested an inspection report from the manufacturer as to whether the mattress was defective, regardless of the stain. In response, the manufacturer replaced the mattress, and the matter was resolved.

Heritage Day at CGSO



The CGSO in the News

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Unsure if a complaint falls within our jurisdiction?

WhatsApp us on +27 (0) 81 335 3005 for a prompt response



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**View our media releases
@ www.CGSO.org.za.
A big shout out to the
consumer journalists
who work with us
to expose fraud and
unethical business
practices in our industry.**



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Our website got a make-over!
**Please let us know what
you think here.**