



CONSUMER GOODS
& SERVICES OMBUD

Fairplay between consumer & supplier

STAKEHOLDER NEWSLETTER

SPREADING THE LOAD IN 2022

A belated Happy New Year to all our valued stakeholders, allies, and partners committed to ensuring fair play and trust in our consumer goods and services industry. While there are glimmers of hope on the COVID front, the broader economy will take a while to recover from the effects of 24 months of lockdown restrictions. We are doing our bit to help by ensuring that the costs of this industry Ombud scheme are spread as evenly and as equitably as possible. This includes not raising participation fees this year and — if our drive to bring all eligible businesses on board is successful — maintaining them at the lowest possible levels to allow us to deliver on our service level agreements.

Accordingly, in December, the CGSO board approved the introduction of a late-joiner fee of 25% of the annual fee to be levied against all eligible businesses who have yet to join the scheme. This will come into effect on 1 March 2022, so we encourage latecomers to sign up as soon as possible to avoid this penalty. This is, of course, not an optional decision. In terms of section 82(2) of the Consumer Protection Act (CPA), all qualifying entities are compelled to register with the CGSO and contribute towards the funding of the Ombud function whose job it is to enforce the Consumer Goods and Services Industry Code of Conduct.

The board is also empowered to take legal action against qualifying entities that do not pay their participation fees; however, this option will only be exercised when all other means have been exhausted.

The current funding model has eight participant categories based on turnover, covering everyone from SMMEs (Group 7) to household names with annual turnovers above R5 billion, the Super Group. This is because everyone who sells or provides a service to members of the public has a role to play in protecting and safeguarding the reputation of the industry and ensuring that consumers can transact with ease and confidence.

For our part, we commit to continue to run a tight, fiscally-sound operation with no wasteful or unnecessary expenditure, and I am confident of another clean audit this year – the 8th in a row since inception.

This is, above all, a mutually-beneficial partnership: a level playing field on which people can transact with confidence is good for everyone. It keeps out the rogue traders and the underworld elements and turns compliance with the law and respect for the Code into competitive advantages.

Here's wishing you all a bumper, CPA-compliant 2022.



Queen Munyai: CEO

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CGSO in the news

A warm welcome to the following participants who signed up this quarter

NEW PARTICIPANTS	GROUP*
DIS-CHEM PHARMACIES LTD	Super Group
DANONE SOUTHERN AFRICA (PTY) LTD	1
HEINEKEN SOUTH AFRICA (RF) PTY LTD	1
CAVALIER FOODS (PTY) LTD	2
EDWARD SNELL & CO.PTY LTD	2
IMANA FOODS PTY LTD	2
ITAU MILLING (PTY) LTD	2
RECKITT BENCKISER SOUTH AFRICA (PTY) LTD	2
GODRICH FLOUR MILLS (PTY) LTD	3
MANDHLA TRADING (PTY) LTD	3
PERMOSEAL (PTY) LTD	3
ELGIN FRUIT JUICES (PTY) LTD	4
FARMGATE DAIRY(PTY)LTD	4
FLASH COMPONENTS CC	4
ITB A DIVISION OF NOVUS PACKAGING (PTY) LTD	4
PREMIER HOUSEWARES CC	4
SUNPAC PTY (LTD)	4
CAST-A-WAY POLYMER CASTINGS (PTY)LTD	5
KILTY CANDY T/A EP DISTRIBUTING CO	5
PINETOWN ICE	5

NEW PARTICIPANTS	GROUP*
SAFIC (PTY) LTD	5
SIMONSIG WINES (PTY) LTD	5
BUDDIES PET FOOD CC	6
BUNCHES FOR AFRICA WESTERN CAPE (PTY)LTD	6
COMMODITY PROCUREMENT SERVICES CC	6
DHEERAN'S FRESH PRODUCE	6
DIEMERSFONTEIN WINES (PTY) LTD	6
DRAGON BRANDS (PTY) LTD	6
EMPS BEDDING CC	6
FERNS NURSERY CC	6
GARLIC MAN CC	6
J AND J REWARD (PTY)LTD	6
MORGENSTER 1711 (PTY) LTD	6
PAPAMAN INDUSTRIES (PTY) LTD	6
ROFOR IMPORT AND EXPORTS (PTY) LTD	6
SA VITAMINS (PTY) LTD	6
THOROUGHFAIR TRADING (PTY) LTD	6
TIP TECHNICAL INDUSTRIAL PRODUCTS CC	6
ZIDELA WINES (PTY)LTD	6
INNOVATIVE SOLUTIONS SA (PTY) LTD	7

* Group category based on annual turnover

NEW PARTICIPANTS

QUARTER 1



34

QUARTER 3



36

QUARTER 2



39

QUARTER 4



40

Total participants at Group Level as of 31 December 2021

1,048

WHAT CUSTOMERS WANT FROM ONLINE RETAILERS



Magauta Mphahlele: Ombudsman

Looking at the number of complaints we received last year around online shopping and knowing how much effort goes into e-commerce strategies, I sometimes wonder if organisations are not missing a trick. Significant amounts of executive time and resources go into creating a positive user experience, courting influencers and hiring digital strategists, only for the entire carefully curated experience to be soured by one poor delivery. Judging from our statistics over the past 12 months, it is clear that some retailers are not paying as much attention to the last mile – and how to handle it when it goes wrong – as they might.

Prior to the lockdown in March 2020, online shopping accounted for 6% and 4% of complaints by sector for 2018/19 and 2019/20, respectively. However, this jumped 23 percentage points in 12 months, with the e-commerce sector accounting for 27% of the complaints received in 2020/21, a trend that has continued into the current financial year.

By far, the most common complaint (45%) was the time it took for products to reach consumers. Initially, we attributed this to companies being unprepared for the online shopping

rush in the wake of the first lockdown rush, but almost 24 months on, not much seems to have changed. This quarter alone, just under 20% of all complaints received (443) were related to online shopping. Chief among these were delivery issues (63%), followed by goods not as per description or order (9%), suggesting that solving these two issues would dramatically improve customer satisfaction, and presumably, customer retention.

Getting to grips with these issues is also a prerequisite for being compliant with the Consumer Protection Act (CPA). Consumer-based contracts – including online shopping – are governed by the CPA in terms of which consumers are entitled to timely delivery of goods and services and to be informed of any delays. Additionally, when the products arrive, they need to be of the same quality as advertised, meet reasonable expectations in terms of price and condition, be free of defects and be in full working order. The managerial implications here are to ensure that all products are described accurately and in as much detail as possible regarding size, quantity and availability and to ensure that advertised stock is available. If this is a limited offer, that should be clear and visible, along with the terms and conditions.

In addition to the CPA, online transactions are governed by the Electronic Communications and Transactions Act (ECTA), which provides, among other things, that if goods or services ordered are unavailable, the supplier must immediately notify the consumer and refund any payments within 30 days of notification.

Just as we will continue to engage with regulators and relevant industry associations to establish detailed guidelines to deal with the regulatory gaps identified in online transactions, I urge all companies to review their e-commerce strategies to address these issues and give customers what they want: a well-functioning tech platform; clear and upfront disclosures on price, cancellation penalties, delivery fees, returns and refunds; an accessible and responsive complaints handling mechanism; and a commitment not to engage in bait marketing.

Here's wishing you all satisfied customers, positive Tweets, and staff and colleagues who go the extra mile.



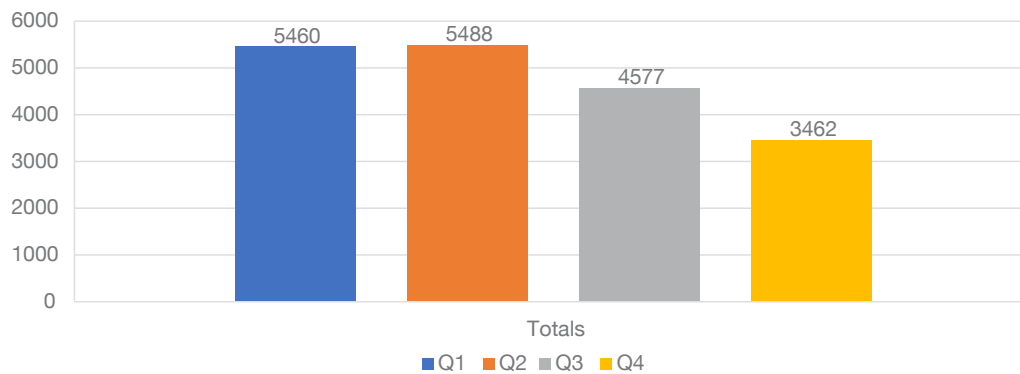
2021 IN NUMBERS

CALL CENTRE STATS

In 2021, we fielded just under 19,000 queries. That works out to an average of 73 per day, spread over four call centre agents per shift.

Call centre volumes decreased steadily over the year, mainly due to consumers using social media and the CGSO website to connect with us.

CALL CENTRE STATS FOR 2021



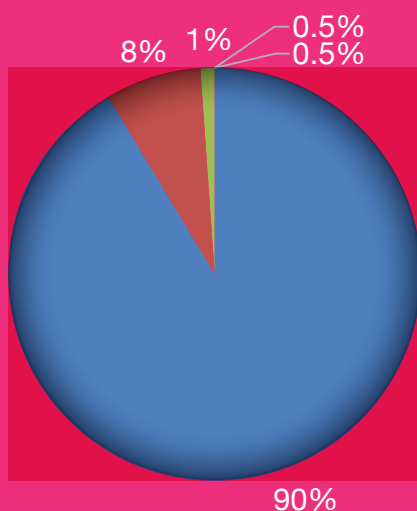
COMPLAINTS RECEIVED AND CLOSED

The CGSO received 12,951 complaints in 2021 compared to 13,831 in 2020. In the last quarter, we received 2,285 complaints and closed 2,815. Our target is to complete complaints within 60 days, and for the fourth quarter of 2021, it took 65 days on average to close each complaint.

While the number of cases received decreased by 6.8% year on year, the CGSO closed 19% more cases than last year, thanks to improvements in resourcing, which saw four graduates join the existing team of five administrators.

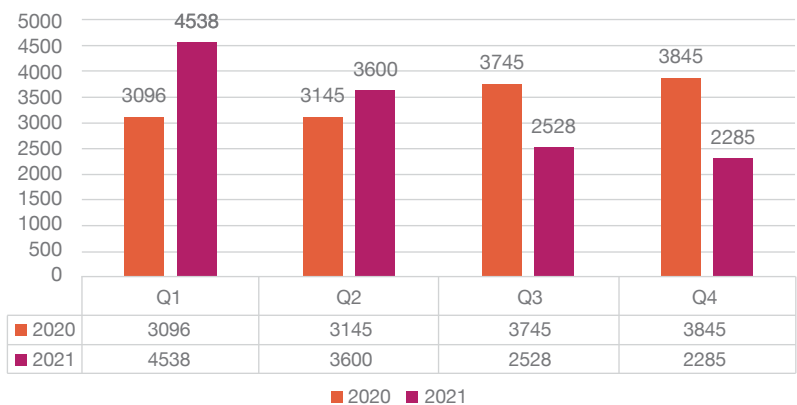
HOW COMPLAINTS WERE RECEIVED

91% of complaints were lodged via our website, consistent with the previous quarter. The balance was received via email (8%) and the call centre. The highest number of complaints (48%) were received from Gauteng, followed by the Western Cape (18%).

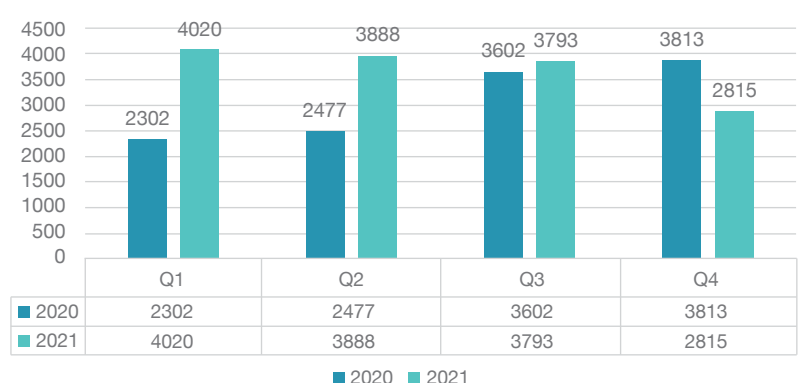


Website Email Telephone
Walk-In Fax

COMPLAINTS RECEIVED



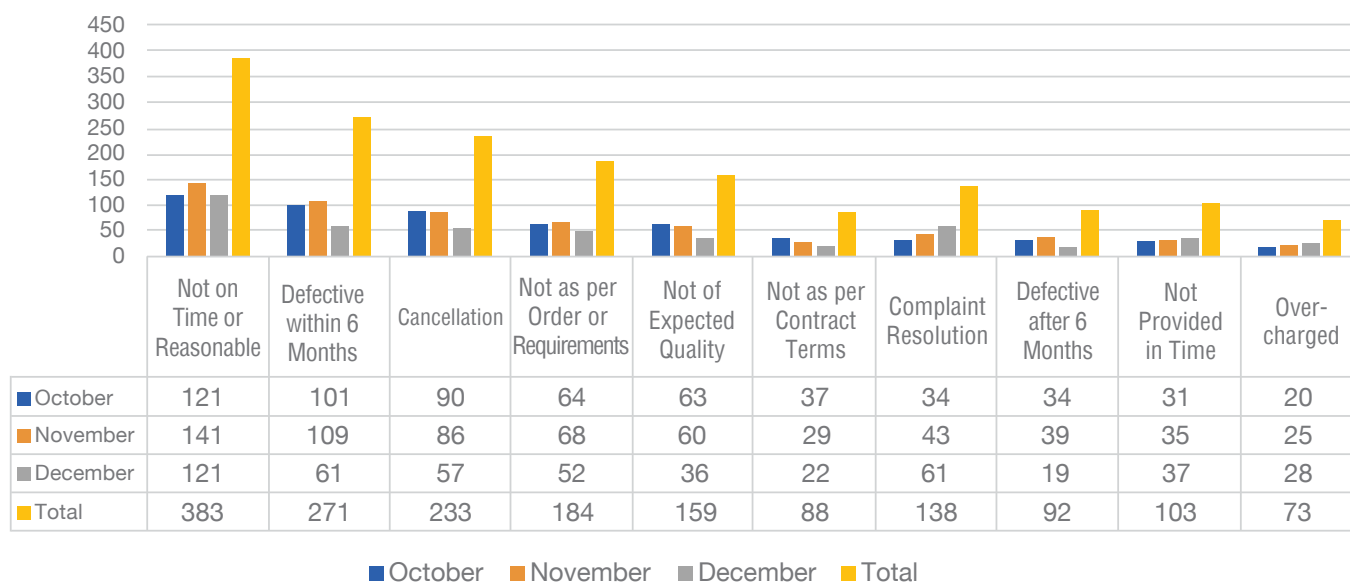
CASES CLOSED



TOP TEN NATURE OF COMPLAINTS RECEIVED

The highest category of complaints received during the quarter related to the failure of suppliers to deliver goods on time, or indeed at all, especially goods purchased online. The poor trading environment also saw many smaller companies closing their doors, leaving customers without redress. Defective goods were also a source of concern, especially where consumers bought products online and could not inspect the goods before purchase.

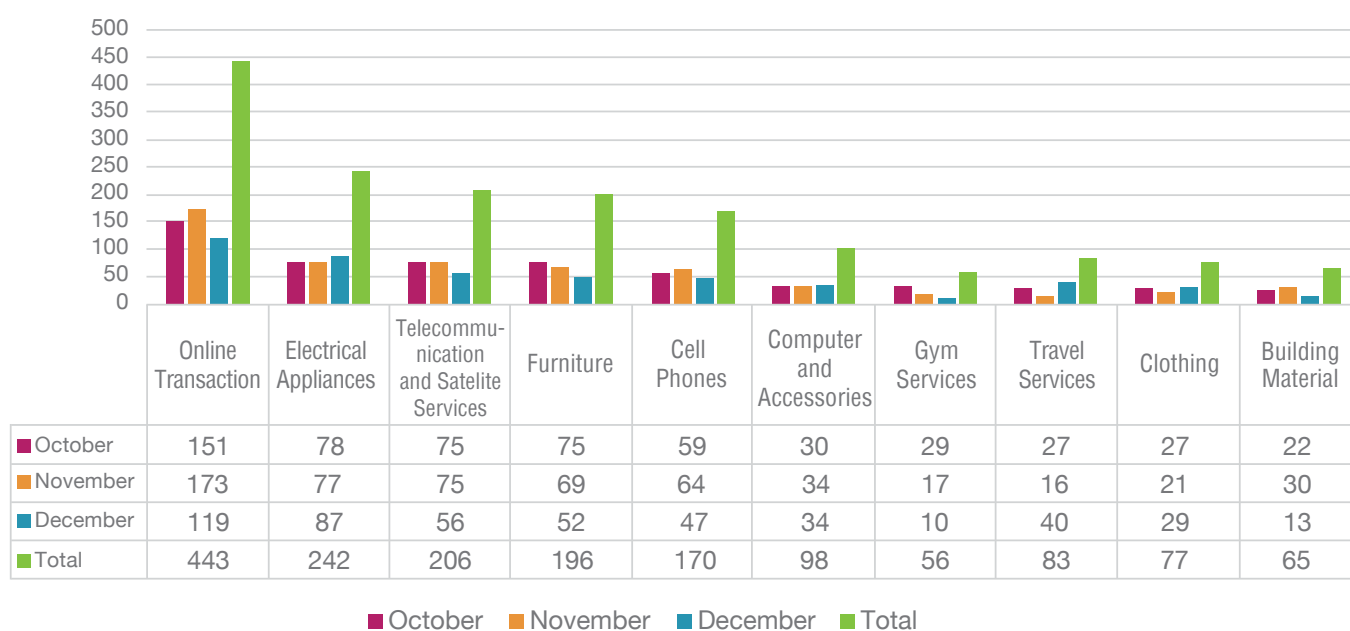
TOP 10 NATURE



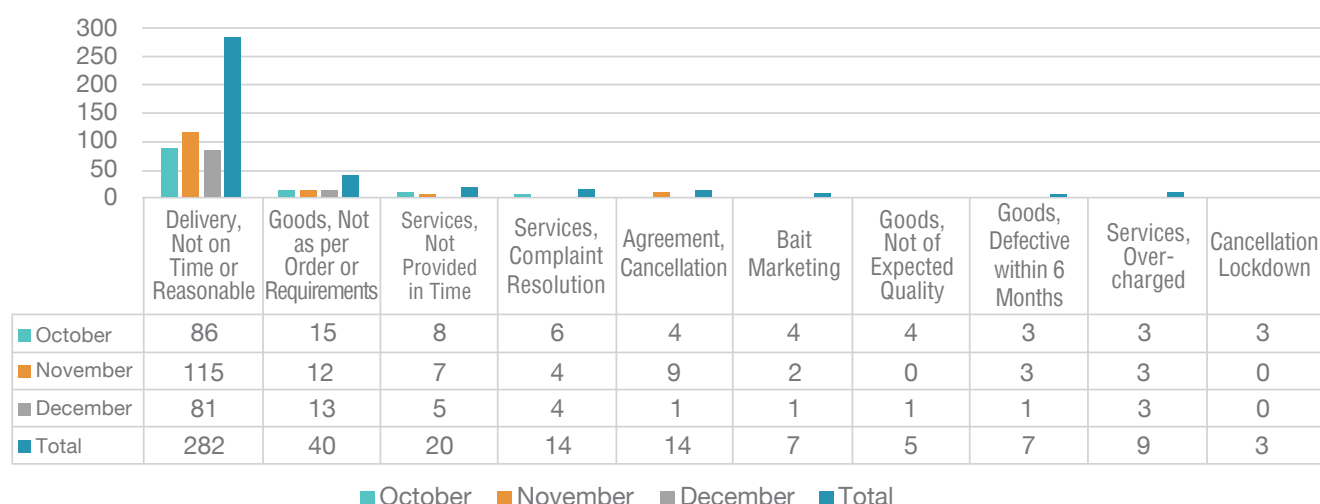
COMPLAINTS PER PRODUCT BREAKDOWN

Once again, online transactions proved the single largest source of consumer complaints in the quarter. It remains to be seen whether this trend is pandemic-related and if it will taper off once normal trading patterns resume. Electrical appliances were the second-highest source of consumer unhappiness. This is a seasonal trend, with more consumers spending on electrical items during black Friday and over the festive season. Complaints range from malfunctioning appliances to incorrect deliveries and poor service.

PRODUCT TYPE



ONLINE SHOPPING: TOP 10 COMPLAINTS



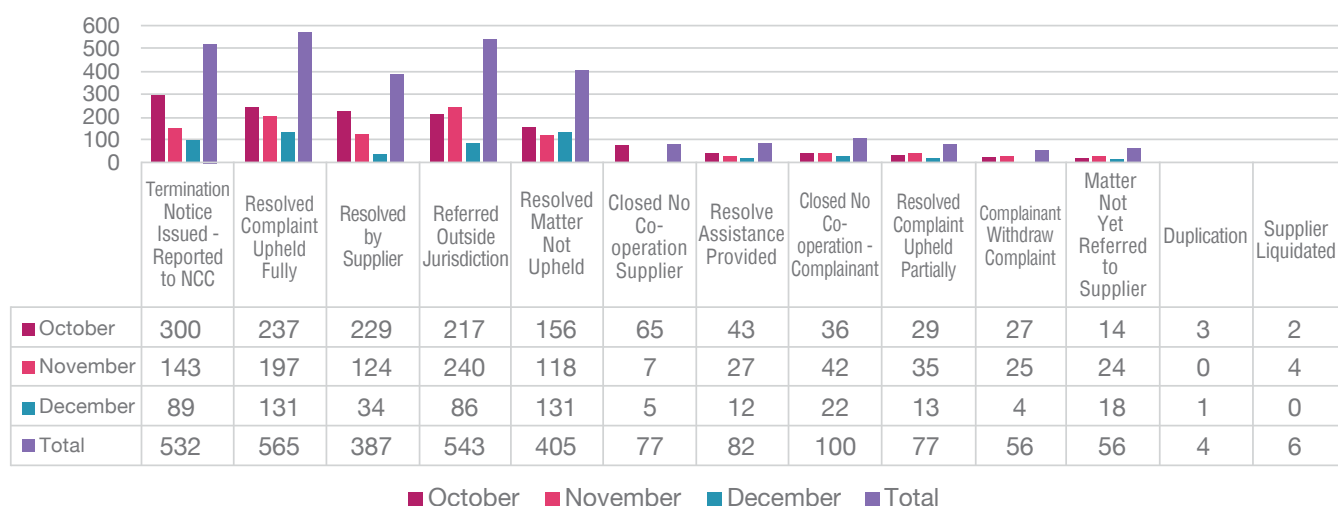
OUTCOME OF COMPLAINTS

Since the creation of the category “Dismissed – Referred to National Consumer Commission (NCC)” (now referred to as “Termination Notice issued – reported to NCC”) towards the end of last year, the number of complaints reported by our offices to the NCC due to lack of co-operation from suppliers has been increasing steadily and is now the highest category of outcome for matters handled by our office. While some suppliers refuse to cooperate, obliging us to report them to the NCC, the trend also reflects the constrained trading environment as many businesses have become victims of the pandemic and the lockdowns that followed.

When the “Resolved by Supplier” category is added to the “Fully Upheld,” “Assistance provided,” and “Partially Upheld” categories, the percentage of cases resolved in favour of consumers for this quarter stands at 51,5%.

The number of cases outside of our jurisdiction fell for the second consecutive quarter, from 565 to 543, reflecting the revamped website filtering mechanisms and the team’s ongoing efforts to channel complaints to the correct alternative dispute resolution body before they are captured in the system.

HOW RESOLVED



R1.9 MILLION REFUNDED TO CONSUMERS

During the last quarter, **R1,981,001.96** was recovered for complainants. This includes an amount of R84,000 that was refunded to a complainant who accidentally added a zero when making a deposit to a supplier. The supplier agreed to refund the complainant less the R8,400, being the original deposit amount.

In the course of 2021, the CGSO clawed back just over R11 million for consumers.

Case Study

MOVING DAY BLUES

Details of the Complaint:

Moving house is stressful enough without having your furniture damaged in the process. In this case, the complainant entered into a contract with the supplier to move furniture across the country. However, when the consignment arrived at its new home, much of the furniture was found to have been damaged. The removal company offered R700 towards repairing the damage, a sum that fell significantly short of the complainant's estimate of R10,000.

The supplier advised the Ombud that it always recommends that clients take out insurance to protect their contents during a move. The supplier further advised that since the items were wrapped and packed by them, they were willing to offer the complainant R700 towards repairing her damaged furniture, as per the terms and conditions of the contract signed by the complainant.

Desired outcome:

The complainant wanted R10,000 to repair the damage to her furniture.

Assessment and outcome:

Section 65 of the Consumer Protection Act (CPA) provides, inter alia, as follows:

"65. Supplier to hold and account for consumer's property.

.....

(2) When a supplier has possession of any prepayment, deposit, membership fee, or other money, or any other property belonging to or ordinarily under the control of a consumer, the supplier —

- (a) must not treat that property as being the property of the supplier;
- (b) in the handling, safeguarding and utilisation of that property, must exercise the degree of care, diligence and skill that can reasonably be expected of a person responsible for managing any property belonging to another person; and
- (c) is liable to the owner of the property for any loss resulting from a failure to comply with paragraph (a) or (b).

....."

Furthermore, section 51 of the CPA provides, inter alia, as follows:

"51. Prohibited transactions, agreements, terms or conditions.

(1) A supplier must not make a transaction or agreement subject to any term or condition if —

- (a) its general purpose or effect is to —
 - (i) defeat the purposes and policy of this Act;
 - (ii) mislead or deceive the consumer; or

(iii) subject the consumer to fraudulent conduct;

(b) it directly or indirectly purports to —

- (i) waive or deprive a consumer of a right in terms of this Act;
- (ii) avoid a supplier's obligation or duty in terms of this Act;
- (iii) set aside or override the effect of any provision of this Act; or
- (iv) authorise the supplier to —
 - (aa) do anything that is unlawful in terms of this Act; or
 - (bb) fail to do anything that is required in terms of this Act;

(c) it purports to —

- (i) limit or exempt a supplier of goods or services from liability for any loss directly or indirectly attributable to the gross negligence of the supplier or any person acting for or controlled by the supplier;
 - (ii) constitute an assumption of risk or liability by the consumer for a loss contemplated in subparagraph (i); or
 - (iii) impose an obligation on a consumer to pay for damage to, or otherwise assume the risk of handling, any goods displayed by the supplier, except to the extent contemplated in section 18 (1);
-"

In this instance, the supplier did not exercise the necessary care in the handling of the complainant's furniture. Section 65 (c) above clearly states that the supplier is liable to the owner for any loss or damage to property while in their possession.

While this office noted the supplier's advice that clients insure themselves for all insurable risks, failure to take out such insurance does not absolve the supplier from liability in terms of section 65 of the CPA. According to section 51 of the CPA, suppliers may not contract out of statutory obligations by entering into a transaction with a client that purports to defeat the purpose of the CPA or deprive a consumer of a right in terms of the CPA. Nor may any contract purport to avoid a supplier's obligation or duty in terms of the CPA or limit or exempt a supplier from liability for any loss directly or indirectly attributable to the gross negligence of the supplier or any person acting for, or controlled by, the supplier.

Accordingly, this office recommended that the supplier offer a reasonable sum in compensation for the damage caused while in the supplier's care. As a result, the supplier offered R6,000 to settle the matter, which the complainant accepted.

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



**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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**Thank you to everyone who took the
 time to give us feedback on our new-look
 website. If you haven't already done so,
 we'd love to hear from you here.**