



2020/21

# ANNUAL REPORT





## BOARD OF DIRECTORS

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**DR. M. PHOSA**  
CHAIRPERSON



**J. VAN VREDEN**  
OMBUDSMAN



**K. KRAUSE**  
DEPUTY OMBUDSMAN



**D. TERBLANCHE**  
NON-EXECUTIVE  
DIRECTOR



**I. OPPERMAN**  
NON-EXECUTIVE  
DIRECTOR



**ADV. S. TLEANE**  
NON-EXECUTIVE  
DIRECTOR



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## **CONSTITUTION**

The office of the MIOSA is an organisation which regulates the interaction, and provides for alternative dispute resolution, between persons conducting business within the automotive and related industries in South Africa and consumers, as well as among participants in the automotive and related industries.

## **VISION**

As its vision the MIOSA strives to contribute to the continuous improvement of customer care, as well as relationships among participants in the automotive and related industries, to the benefit of all parties.

## **MISSION**

Its mission is primarily to defend the independence of the office of the MIOSA, while tirelessly striving to educate consumers and motor related service providers alike, in achieving higher levels of customer care and cordial relationships within the automotive and related industries.



# CHAIRPERSON'S COMMENTS



## DR. MATHEWS PHOSA

Chairman of the Board of the Motor Industry Ombudsman of South Africa.

### 2020: THE YEAR OF UPHEAVAL

The entire globe was struggling to come to terms with an invisible enemy in the form of a virus that took the world by storm, resulting in a complete change in market dynamics. The disruption that the COVID-19 pandemic brought impacted heavily on the South African economy, which was already under strain from the continuous recessional conditions. This resulted in many small businesses closing their doors, pushing unemployment figures to crisis proportions.

With this as background, the South African motor and related industries developed a new understanding of the global industry. This included re-examining new opportunities that will afford leverage, allowing our motor and related industries to innovate and seize initiatives that will save the progress that the industry has so consistently managed to maintain over the last couple of years.

Globally, the motor industry is undergoing various changes, resulting in continuously evolving technologies and business models to transform the marketplace. With the wake-up call brought about by the pandemic, the new technologies are targeted at reducing costs and improving efficiencies, with particular focus on sustainability and green manufacturing issues.

I have commented many times in the past on the extraordinary resilience of the local motor and related industries, and I must repeat that I am always deeply impressed by the innovative and novel ways in which the leadership within the South African motor and related industries approaches the ever-changing economic scenarios. It is my belief that flexible strategies play a huge role in ensuring, not

only success, but also literally the survival of the country's automotive and related industries. The strong leadership within the South African motor and related industries may be one of the most important factors that has kept this industry viable, even in these difficult times. It must be considered that the local motor industry is fully integrated into the global automotive marketplace. This results in multiple trends impacting on the manufacturing process in South Africa.

There are clearly still many ongoing challenges awaiting us in this very volatile time that we are experiencing. I am, however, confident that the South African motor and related industries will continue to go from strength to strength, despite the numerous challenges that lie ahead.

The Motor Industry Ombudsman of South Africa and his dedicated staff, as well as the Board of Directors, once again deserve my thanks and that of South African consumers, as well as the gratitude of the local motor and related industries for the continued professional and undaunted way in which the organisation has dedicated itself to the often thankless task it has been charged with.

# OMBUDSMAN'S REPORT



**JOHAN VAN VREDEN**

**I would be amiss if I did not say that 2020 was an auspicious year for the Motor Industry Ombudsman of South Africa (MIOSA). It marked the 20th anniversary of the existence of the office. The journey has been a long one and even though the MIOSA now forms a permanent part of the automotive and related industries' landscape, the challenges remain the same as they have been over the last 20 years. Even though the challenges have been many, the achievements of the MIOSA far exceed the challenges that were placed in its way. I wish to congratulate the staff who have unselfishly joined us on this journey.**

To say that 2020 was a difficult year for everybody in the automotive and related industries, must be the understatement of the year. We saw with dismay that a significant number of business closures took place, especially on the retail side.

The restrictions placed on all sectors of our industry due to the COVID-19 pandemic was, to say the least, nearly catastrophic. Even more ominous are the predictions of financial experts on the slow rate of recovery of our economy.

With the doom and gloom on all horizons, and challenges that range from financial, human resources, operations and the management of offsite working, the office of the MIOSA rode every challenging wave with an aplomb, making me extremely proud to be part of this organisation. The dedication of the staff and the support from our Governing Body resulted in the office of the MIOSA running as smooth as can be expected under these trying conditions.

The Information & Liaison Department stood strong and continued to ensure that support and information were provided to consumers and industry alike during this interesting year. With fewer people travelling, fewer complaints were received by our Case Management Department. However, the team proved that even though they were forced to work offsite due to the lockdown, they were able to increase the complaints closure rate from the previous year.

The face-to-face meetings that are normally the duties of our inspectorate were unfortunately curbed due to the pandemic, however telephone discussions took the place of physical inspections with various levels of success. More successful was the Public Relations Department that made good use of technology to maintain their contacts within the provinces. This included the educational programmes in the rural areas.

I will be greatly amiss if I did not mention the sterling work of the Legal Department. One of the achievements worth mentioning is the securing of jurisdiction in Pretoria. This greatly assisted the MIOSA in bringing calcitrant contributors to book.

The Finance Department continued to manage the accounts, keeping the MIOSA solvent even in these difficult times. Their relentless pursuit of contributors who default and their strict budget controls and creative ways of assisting contributors was a great feature of the Finance Department during the year under review.

The Operations Department managed to synchronise all the different departments and must be thanked for keeping the MIOSA running as smooth as ever. All that remains for me is to thank the staff, management and the Board of Directors for their unselfish dedication to our office during this trying year.



**MOTOR INDUSTRY OMBUDSMAN  
OF SOUTH AFRICA**

**2020  
PLATINUM  
LIFETIME ACHIEVEMENT AWARD**  
*is presented to*

*Jan Hendrik Lodewyk van Vreden*

**For 20 years of dedication and commitment.  
Your extraordinary career over the years has  
been an example to your colleagues.  
All you have done is greatly appreciated.**

*14 December 2020*

**Date**



*Dr. M. Phosa*

**Dr. M. Phosa**  
**CHAIRPERSON**  
*Motor Industry Ombudsman  
of South Africa*



# FINANCIAL REPORT

## Managing the Motor Industry Ombudsman of South Africa's (MIOSA) budget and financial resources

Financial management and sustainability form a strategic pillar of the MIOSA. The MIOSA takes pride in its financial management, which is founded in disciplined budgeting, clear policies, effective controls and accountability.

The financial objective of the MIOSA is to be sustainable while meeting its duties in dispute resolution. The budget was accordingly set to meet the operational expenses.

The MIOSA managed the finances in line with the budgets as approved by the Board of Directors for the 1 March 2020 to 28 February 2021 financial year and as a result received an unqualified audit.

### Review of financial performance

The 2020/2021 financial year was a challenging one for the South African economy and the MIOSA felt the strain of the unfavourable economic environment. On 23 March 2020 the President of South Africa declared a national state of disaster and implemented a national lockdown due to the COVID-19 pandemic and the "punch in the gut" for the South African economy was severe. The COVID-19 pandemic has affected the entire globe and continues to alter life as we know it.

The ongoing COVID-19 pandemic, and the policy measures to combat it, are having profound effects on economic and social lives of citizens. South Africa's economy has been in decline since it entered a stringent lockdown in March 2020 in order to curb the spread of the virus, where the

country's economy was already in bad shape even before the lockdown.

The MIOSA welcomed the support of the UIF-COVID-19 TERS National Disaster Application system, which assisted in the payment of employee salaries for a three-month period, during which the cashflow was under strain due to the national lockdown. The MIOSA was able to recover during the second part of the financial year and managed to meet all financial targets by the end of February 2021.

### Human Resources

The MIOSA's human resources focuses on training and development, performance management, remuneration and benefits, employee wellness and occupational health and safety.

The MIOSA maintains market related salaries and remunerates its employees in line with the designated market. The remuneration structure applied in the MIOSA is a Total Cost to Company (TCC) structure and it includes contributions to retirement plans, medical aid and medical aid GAP cover. In addition to the TCC, the MIOSA pays the group risk cover for the employees.

### General

The MIOSA's corporate governance framework outlines our approach with regards to ensuring best practice and legislative compliance. Our values reflect what we stand for as an organisation. At the foundation of these values is a total commitment to our consumers and industry participants, characterised by an unwavering passion to serve their needs with integrity and excellence.





### Revenue

The total revenue decreased by R8 272 933 during the 2020/21 financial year. The main reason for the decrease in revenue was due to the mergers of certain manufacturers and closures of several retail/service providers, which increased due to the current COVID-19 pandemic.

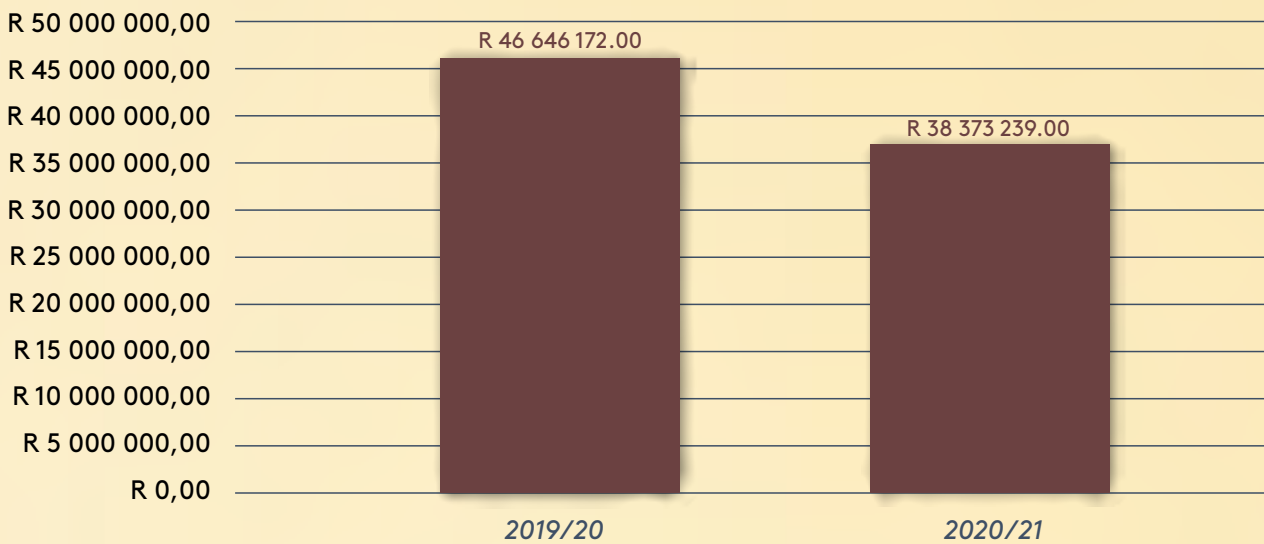
See Figure 1 below.

### Expenses

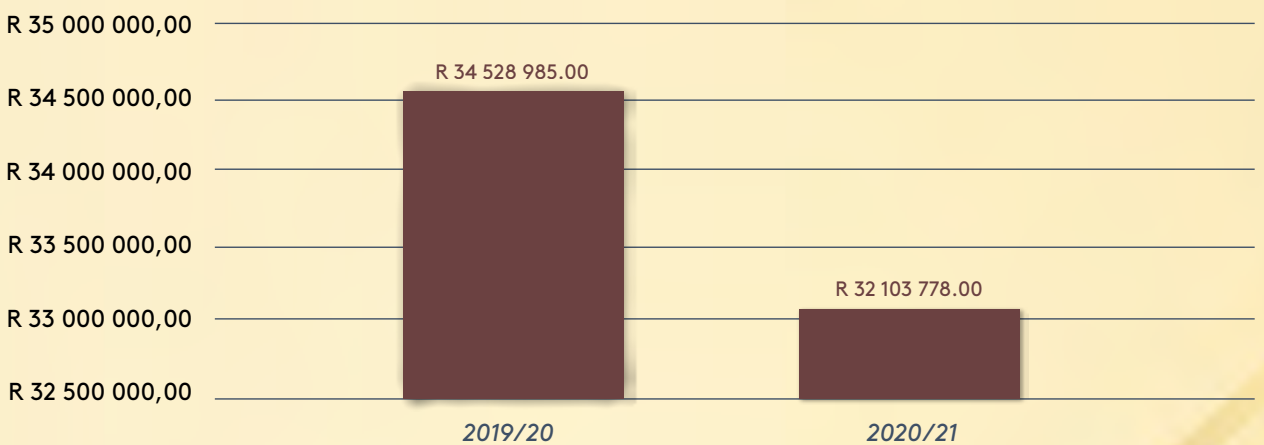
The total expenses decreased by R1 319 900 during the 2020/21 financial year. The main reason for the decrease in expenses is due to the support of the UIF-COVID-19 TERS National Disaster Application system, as well as conservative spending during the national lockdown period.

See Figure 2 below.

Revenue: Figure 1



Expenses: Figure 2



# ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2021



## Statement of Comprehensive Income

FIGURES IN R	2021	2020
<b>Revenue</b>	<b>38 373 239</b>	<b>46 646 172</b>
<b>Other Income</b>	<b>142 035</b>	<b>167 904</b>
- Interest Received	119 443	162 083
- Sundry Income	22 592	5 821
<b>Operating Expenses</b>		
- Accounting fees	21 500	15 000
- Advertising fees	79 416	117 189
- Auditors remuneration	44 400	30 750
- Bad debts	4 388 663	4 375 321
- Bank charges	131 245	195 058
- Chairperson fees	120 000	120 000
- Computer costs and website development	449 645	335 202
- Consulting fees	1 124 460	1 189 152
- Contract termination fee	11 446	
- Depreciation, amortisation and impairments	610 056	517 804
- Donations	7 694	3 527
- Employment costs	20 616 640	22 029 867
- Entertainment	139 467	211 345
- Insurance costs	263 839	265 329
- Lease rental of premises	1 808 092	1 838 156
- Legal costs	901 642	542 777
- Loss on disposal of asset	19 330	-
- Motor vehicle costs	450 493	580 026
- Postage	6 376	9 720
- Printing, stationery and hire of printers	114 023	514 478
- Repair and maintenance/Security costs	440 632	267 117
- Storage and archiving costs	37 500	37 565
- Subscriptions	59 716	122 680
- Telephone and communication costs	611 565	567 067
- Training costs	109 665	60 845
- Travel and accomodation costs	86 849	195 953

# ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2021



## Statement of Comprehensive Income - continued

FIGURES IN R	2021	2020
<b>Revenue</b>	38 373 239	46 646 172
- VAT expense account	-1 047 255	-
<b>Total Operating Expenses</b>	<b>31 607 099</b>	<b>34 141 628</b>
- Finance costs	496 679	387 357
<b>Deficit / Surplus for the year</b>	<b>6 411 496</b>	<b>12 285 091</b>

# ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2021

## Statement of Financial Position

FIGURES IN R	2021	2020
<b>Non-current Assets</b>		
- Property, plant and equipment	1 428 930	1 193 773
- Intangible assets	3 434 652	3 695 652
<b>Current Assets</b>		
- Loans receivable	282 287	79 786
- Trade and other receivables	58 570 648	57 028 599
- Cash and cash equivalent	4 961 125	2 711 382
<b>Total Assets</b>	<b>68 677 642</b>	<b>64 709 192</b>
<b>Equity and Liabilities</b>		
<b>Equity</b>		
- Retained earnings	53 157 986	46 746 490
<b>Non-current Liabilities</b>		
- Borrowings	4 708 565	5 485 023
<b>Current Liabilities</b>		
- Trade and other payables	10 811 091	12 477 679
<b>Total Assets</b>	<b>68 677 642</b>	<b>64 709 192</b>



## **REVIEW OF SYSTEMS**

### **Values of the Motor Industry Ombudsman of South Africa (MIOSA)**

**The Ombudsman and the entire staff of the MIOSA continue to deliver despite ever-changing conditions.**

**The MIOSA prides itself on the following values:**

- Continuously delivering the required business results.
- Complying with quality, productivity and service standards.
- Meeting deadlines and maintaining a clear focus on the goals of the MIOSA.
- Demonstrating good work ethic, showing respect, displaying integrity and having empathy with stakeholders' needs.
- Working cooperatively and effectively in order to achieve common goals.
- Participating in building a group identity characterised by pride, trust and commitment.
- Effectively conveying information and expressing thoughts and facts, demonstrating effective use of listening skills and displaying openness to ideas and thoughts.
- Efficient utilisation of resources resulting in quality outcomes.
- The MIOSA encourages employees to accept responsibility for their actions and decisions. and to complete their work in an ethical and cost-effective manner.





## LEGAL DEPARTMENT

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The COVID-19 pandemic caused a serious disruption in the flow of legal activity for the Legal Department as all courts were closed for a considerable time. Once opened a further problem arose as courts closed for two or more days if employees tested positive for the virus. It is however admirable to note that the personnel really put in an immense effort to catch up once the courts reopened.

At this stage the office of the Motor Industry Ombudsman of South Africa (MIOSA) wishes to thank all those industry participants who made their contributions during these trying times. This makes it possible to reach the goal of reducing the contribution once those who still refuse to pay, begin to pay.

The MIOSA is happy to announce that the Appeal regarding paying contributions was successful and the Court of Appeal also confirmed that jurisdiction to collect the contribution will be the Magistrate Court for the district of Pretoria. In view of this important decision great progress has been made to recover outstanding contributions all over South Africa.

The MIOSA inspectors are still busy tracking those industry participants who have until now failed and/or neglected to pay their contributions. For some reason, the defaulters believe that they have no duty to advise the MIOSA of their existence or were unaware of the existence of the MIOSA. The South African Automotive Industry Code of Conduct has been one of the most advertised pieces of legislation in the history of our country.

Hopefully 2021 will afford the Legal Department the opportunity to continue with its success with litigation to get all defaulters contributing. The MIOSA wishes all consumers and industry participants a successful 2021.

## OPERATIONS DEPARTMENT

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2020 marks the 20th anniversary of the office of the Motor Industry Ombudsman of South Africa (MIOSA) and the 5th anniversary of the South African Automotive Industry Code of Conduct. Even after years of determination, hard work and success, the MIOSA could not have foreseen the year that lay ahead at the beginning of 2020.

On 23 March 2020, President Ramaphosa addressed the nation regarding the Coronavirus pandemic, calling for a national lockdown from 26 March 2020.

The MIOSA supported the President and closed its doors. The management of the MIOSA immediately sprang into action and all key staff members of the MIOSA set up remote workstations from home to continue services and support to the automotive and related industries and consumers alike.

The first week of lockdown was challenging, as the MIOSA had no plan in place for employees to work remotely. On the instruction of the Ombudsman, the Chief Operating Officer (COO), together with IT specialists and the managers of each department, worked tirelessly to make sure that the MIOSA's core reason for existence, the work done by the Case Management Department, as well as the survival and general financial wellbeing of the MIOSA through the work of the Finance Department, could continue remotely. After the first week the MIOSA could positively state that it was continuing to

operate during the national crisis. When the MIOSA opened its doors on 4 May 2020 to accommodate a third of its workforce, the organisation implemented a Pandemic Policy to safely allow employees to return to the office.

All employees were provided with face masks, sanitiser, and disinfectants for their workstations, together with strict instructions of when and how often to sanitise and disinfect. Before entering the MIOSA offices, all employees submitted themselves to daily temperature scanning. An online screening register was developed so that the MIOSA management could keep track of all employees' wellbeing. Social distancing was strictly adhered to.

At the end of one of the most challenging years in the history of the MIOSA, and with the hard work and dedication shown by the executive directors, the COO, the heads of departments and all the MIOSA employees, the MIOSA now presents the statistics of the year in this annual report to show that not even a worldwide pandemic can slow the MIOSA down.



## ADMINISTRATION DEPARTMENT

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**By now, reference to the COVID-19 pandemic has become repetitive in this report, however, the impact that this has had on our lives, the economy, the way we do business, but also the effect it had on team dynamics and the motivation it required to drive a department when staff are working remotely, was dramatic.**

Nothing like a pandemic to test the resilience, focus and core strength of an organisation. Without the leadership of the Motor Industry Ombudsman of South Africa's (MIOSA) Chief Operating Officer and teamwork of the MIOSA's managers, the Administration Department would be reporting a different outcome.

Though the MIOSA's archiving clerk was requested to remain at home for 3 months in 2020, due to morbidity reasons and being a high COVID-19 risk, she managed to catch up and exceeded her annual target. The Administration Department archived 6 961 cases in 2020, improving on the previous year by 135 files, averaging 580 files archived per month.

In an effort to reduce the spread of the COVID-19 virus, the Administration Department implemented restrictions on the distribution of hard copy files, reducing the number of files handled by half in comparison to the previous year. Files

booked out in the year 2019 equated to 19 456 in comparison to the year 2020 – 8 637. In total this department averaged 720 files physically handled per month.

The general e-mail account for the MIOSA, being info@miosa.co.za, received most of the communication for the organisation. The administration clerk tending to this account was also requested to remain at home in the initial stages of the pandemic due to morbidity reasons and a high COVID-19 risk, as the MIOSA's main concern is the safety of its staff.

The impact that this pandemic had on the general motoring population can be seen in the reduction of e-mail communication received on this account in 2020. In the previous year the main e-mail account received 43 800 e-mails, averaging 175 e-mails per day. In 2020 this e-mail account received 4 574 e-mails with an average of 19 e-mails per day.

## INFORMATION & LIAISON DEPARTMENT

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**2020 was a year of great challenges, not only for the country but also worldwide. We were faced with a pandemic that claimed so many lives. Many changes had to be made by various companies.**

Despite the aforementioned, the Information & Liaison Department of the Motor Industry Ombudsman of South Africa (MIOSA) remained standing just as it did before.

In the face of all the challenges the MIOSA overcame barriers and took communication and the sharing of information to a whole new level by making technology surpass the limitation of the restrictions of location.

The Information & Liaison Department was able to ensure that support and information were provided to consumers and motor industry participants as usual.

Through the different lockdown levels the Information and Liaison Department continued to adhere to the vision of the Consumer Protection Act No. 68 of 2008 and the South

African Automotive Industry Code of Conduct bringing a ray of hope by offering redress and assistance to consumers and motor industry participants, enabling the frontline workers on the road.

The Information & Liaison Department also fulfilled its responsibility to provide accurate and applicable information for every individual situation. The Information & Liaison Department remains committed to excel in its service, sharing information and knowledge with consumers and motor industry participants alike and to exceed the standards set in previous years.

The MIOSA is proud of its diversity and excellent assistance in unison with the legislation, protecting all consumers and industry participants in South Africa.

## CASE MANAGEMENT DEPARTMENT

The year under review was trying to say the least. As the northern hemisphere was thrown into panic, caused by the outbreak of the Coronavirus, the management of the Motor Industry Ombudsman of South Africa (MIOSA) started planning for the worst case scenario – being an outbreak in South Africa causing a nationwide lockdown.

In collaboration with our IT specialists the MIOSA managed to change the complaints system in order for it to be remotely accessible; we diverted our telecommunication system to an offsite server, where calls made by case managers' cellular phones were diverted through the MIOSA server and recorded.

The MIOSA was able to ensure that 80% of its case managers were fully functional offsite from the beginning of the nationwide lockdown. Establishing social media work groups also enabled the Case Management Department to maintain enthusiasm, cooperation and work ethic. The confusion and fear created by the outbreak of the Coronavirus in 2020 caused erratic behaviour in the motoring public and the motor industry alike, which can be seen in the following figures:

- The MIOSA received 6 950 new complaints in 2020, which is 1 193 complaints less than the previous year.

- Incredibly, the Case Management Department increased its closure rate by 657 complaints in 2020 when compared to the previous year, putting the closure rate for 2020 at 9 132 complaints. This can be attributed to loyalty, commitment and dedication. When so many are losing their jobs due to forced lockdowns, it provides a new perspective and appreciation for one's employment.
- Another reflection of the strain placed on the industry was the need for the MIOSA to send out reminders to industry participants who had not responded to the MIOSA's original referrals with regards to complaints against them. A total of 2 138 reminders were sent.

The MIOSA's Case Management Department surpassed all expectations with their 7.75% increase in work performance on the previous year.

## INSPECTORATE DEPARTMENT

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 automotive industry.

The main emphasis of the MIOSA inspectors is to identify industry participants in the automotive industry and to assist them in the recording process.

The MIOSA Inspectorate Department works closely with the compliance offices of the National Consumer Commission, Consumer Affairs, National Credit Regulator, and the South African Police Service to ensure compliance within the automotive industry.

Automotive and related industry participants not complying with the legislation by neglecting or refusing to record their business information with the MIOSA were warned that, should they be identified by an inspector from the MIOSA, they would be held liable to pay all arrears.

The MIOSA embarked on a litigation strategy to force non-compliant participants in the automotive and related industries to record their business information with the MIOSA and to make the prescribed contribution as described in the South African Automotive Industry Code of Conduct (Code). 2020 proved to be a tough year for many industry participants. The MIOSA strived to keep all its employees safe and as a result the MIOSA inspectors worked remotely during the national lockdown. No longer being able to travel, they had to contact new participants via telephone and email.

These measures were highly effective in keeping the staff safe and still able to perform efficiently. The efforts of the MIOSA inspectors in assisting businesses involved in the automotive and related industries countrywide have proved to be invaluable.

20<sup>th</sup>  
ANNIVERSARY  
2000 - 2020



MOTOR INDUSTRY OMBUDSMAN OF SOUTH AFRICA





## PUBLIC AFFAIRS DEPARTMENT

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**The Motor Industry Ombudsman of South Africa (MIOSA) as well as the rest of the country, were in the final week of Human Rights month when the President declared the national lockdown. Almost every stakeholder within consumer protection and advocacy wondered how they were going to reach out to vulnerable consumers.**

This uncertainty was fuelled by some regulations of the national lockdown that became effective immediately. The old method of raising awareness and creating stakeholder relationships evolved when the new era dawned. It became clear that in the new normal technology would likely replace conventional methods.

By the time these changes happened, the Public Affairs Department of the MIOSA had already implemented long-term plans that resonated with the Fourth Industrial Revolution (4IR). The department therefore just marvelled, cruising into the transition. Since the inception of the new normal, the MIOSA has taken stakeholder relations and consumer education to a new level. The social media platforms of the MIOSA enabled the department to share real-time news with members of the public and fellow stakeholders and made interaction easy. This improved a great deal during the lockdown.

As the MIOSA is passionate about consumer education at grassroots level, it realised that consumers who do not have access to the internet, would be in a disadvantaged position due to the absence of consumer educators on the streets. In order to reach out to these consumers, the MIOSA collaborated with various commercial and community radio stations.

Consumers responded well to the radio programmes and the MIOSA has no doubt that consumers are now empowered and can transact with the automotive and related industries with less hassle. The MIOSA salutes

the media for raising their hand when the organisation needed a platform through which it could dispense consumer education during the hard national lockdown.

As Black Friday approached, the MIOSA ran a joint trial with the Department of Economic Development, Environment, Conservation and Tourism (DEDECT) of the North West Province to see how consumers would respond to awareness campaigns amid the pandemic, and also to see if it was safe for the MIOSA to resume awareness campaigns.

This trial culminated in a multi-stakeholder Black Friday awareness campaign in Brits and was preceded by a marathon of awareness campaigns around Gauteng, jointly with City of Tshwane Health, Government Communication and Information Systems (GCIS) and the Independent Communications Authority of South Africa (ICASA). The MIOSA also extended the awareness campaign to the Traditional Council of Bakgatla Ba Moseitlha. The council gave the MIOSA their blessing and permission to raise awareness around villages within their jurisdiction. All these campaigns were carried out under strict COVID-19 safety protocols.

During the year under review, the MIOSA participated in 36 awareness campaigns, 15 radio interviews and seven television interviews. The presence of the MIOSA in the media and the ongoing awareness campaigns during the national lockdown are indicative of continuous adaptation and improvement that is now a way of life for the Public Affairs Department.

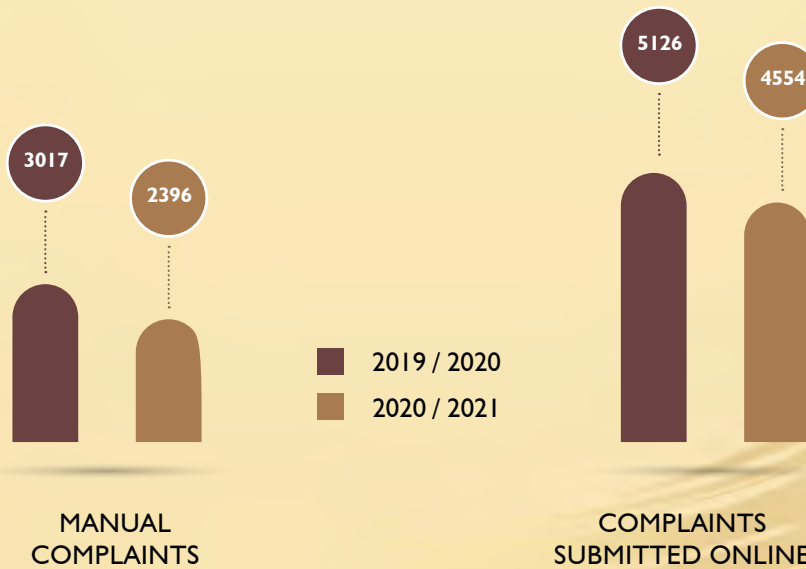


# STATISTICS



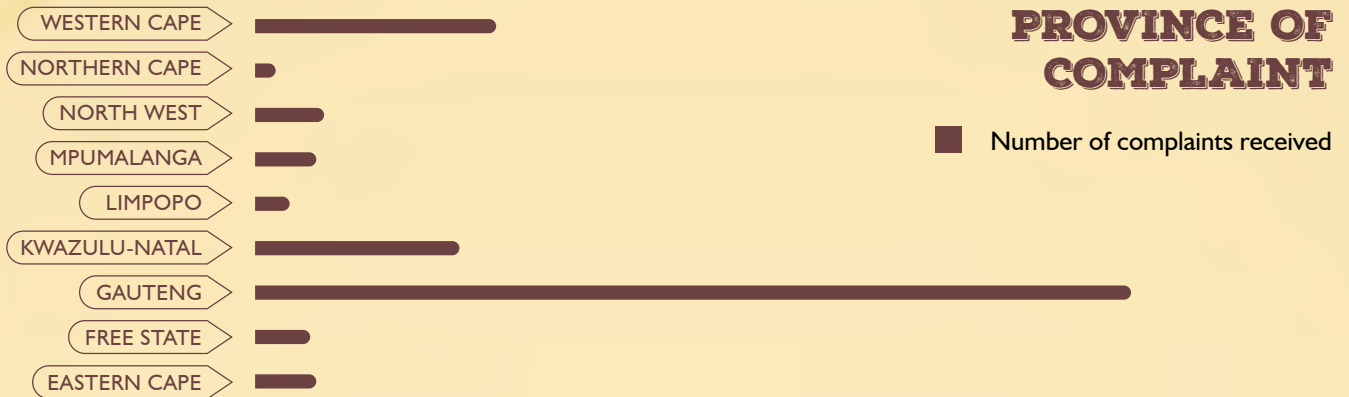
### MANUAL COMPLAINTS RECEIVED VS

### COMPLAINTS SUBMITTED ONLINE

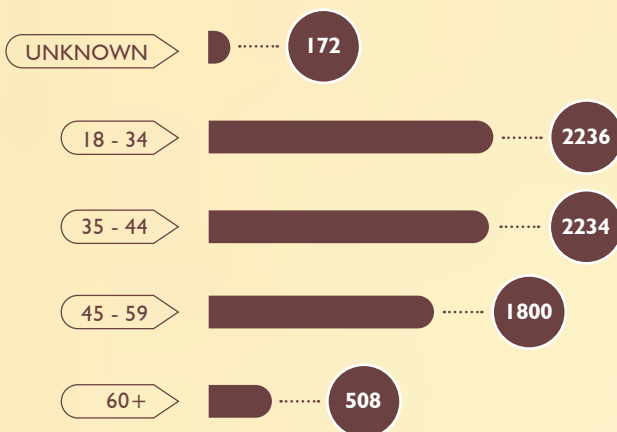
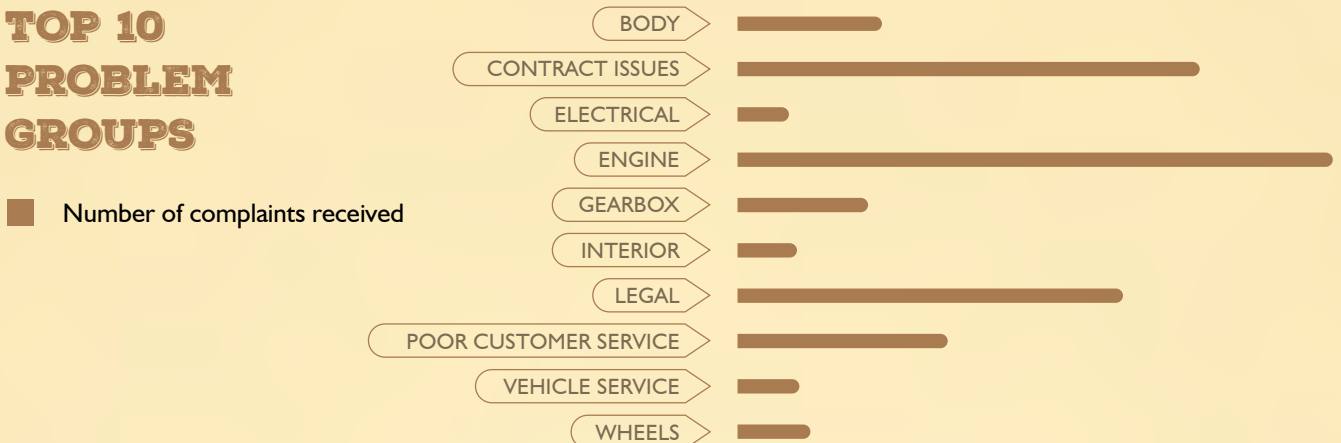




## PROVINCE OF COMPLAINT



## TOP 10 PROBLEM GROUPS



## AGE GROUP OF COMPLAINANTS

■ Number of complaints received



## THE WAY FORWARD

If the global pandemic has taught the MIOSA anything, it is that disasters such as this can easily cause the collapse of an organisation if not properly anticipated and prepared for. As a result, the MIOSA sprang into action by establishing a Disaster Management Committee to discuss the drafting of policies and procedures in the event of any future possible disasters. A Business Continuity and Disaster Management Policy as well as an Occupational Health and Safety Policy will be finalised and implemented in 2021.

**The following is under consideration as part of the strategy of the MIOSA in becoming more prepared:**

The MIOSA will sign with a new telecommunications company in 2021. The new system will be able to do everything the old system could do, such as an auto attendant, call recording and reporting.

In addition to this a call rating system will be added so that consumers and industry participants can rate the service of the MIOSA employee whom they spoke to. A cell phone App will be created for those employees working offsite.

**When making a call from the App on a cell phone the following can be noted:**

1. The call costs will automatically be added to the organisation's main telephone account;
2. The organisation's telephone number will appear on the receiving telephone;
3. The call will be recorded;
4. Reporting will be done on all App calls.

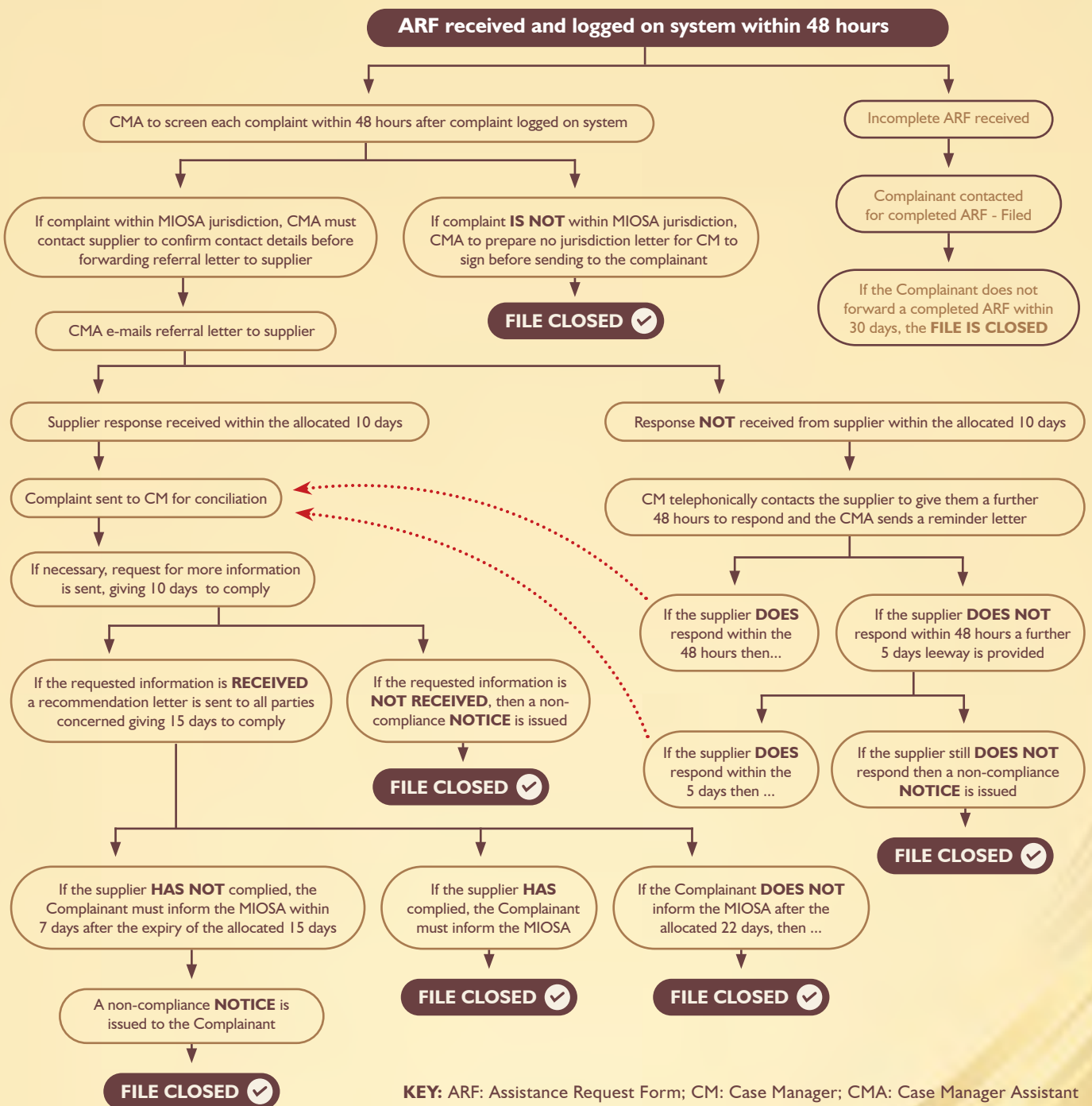
**In the year to follow:**

1. The National Consumer Commission and the MIOSA will finalise the review of the South African Automotive Industry Code of Conduct for its five-year review;
2. The MIOSA will continue with consumer education and awareness campaigns to further expand on consumer rights within the motor and related industries;
3. The MIOSA will continue with its ongoing outstanding debtors collection drive;
4. Employee training and mentoring will continue;
5. The MIOSA will move towards going paperless;
6. A countrywide marketing campaign starting in Gauteng will commence in the new year;
7. Internal and external processes and procedures will continue to be improved in order to increase productivity;
8. The MIOSA's employment equity committee will meet on a quarterly basis in order to fine tune and implement the employment equity plan as set out for the next five years.



# COMPLAINTS PROCEDURE

After numerous meetings and on the suggestion of the NCC, additional steps were implemented in the MIOSA's complaints process as to be more in line with the Consumer Protection Act No. 68 of 2008, and to give consumer and industry participants more opportunity to respond to the MIOSA's requests.





# CASE STUDIES

## COMPLAINT

The complainant purchased a used tractor from the dealership (respondent). The complainant made payment based on the pictures provided by the salesperson. Upon collection, the complainant noticed that the tractor proved different from the photographs previously provided.

The complainant believed the sale was misrepresented and wanted a refund of the purchase price. The respondent indicated that they would pay back the complainant as soon as they sell the tractor.

## RECOMMENDATION

In terms of section 24(2)(a) of the Consumer Protection Act No. 68 of 2008 (CPA), a person must not knowingly apply to any goods a trade description that is likely to mislead the consumer as to any matter implied or expressed in that trade description. In addition, subsection 3(a)(i) states that a retailer of goods must not offer to supply, display, or supply any particular goods if the retailer knows or reasonably could determine or has reason to suspect that a trade description applied to those goods is likely to mislead the consumer as to any matter implied or expressed in that trade description.

In addition, section 41(1)(a) of the CPA states that in relation to the marketing of any goods or services, the supplier must not, by words or conduct directly or indirectly express or imply a false, misleading, or deceptive representation concerning a material fact to a consumer. It was the recommendation of the Motor Industry Ombudsman of South Africa (MIOSA) that the respondent refunds the complainant, as agreed, within 30 business days.

## COMPLAINT

The complainant purchased a new motorcycle from a dealership. Within a few weeks the motorcycle developed mechanical problems and the complainant lodged a complaint with the office of the Motor Industry Ombudsman of South Africa (MIOSA). It was discovered that the selling dealership and manufacturer were not afforded the opportunity to assess the alleged mechanical problems. The complainant however requested that the selling dealership cancel the sales agreement.

## RECOMMENDATION

The office of the MIOSA referred the complainant to the selling dealership, affording them and the manufacturer the opportunity to assess the alleged mechanical problems. The problem was found to be not substantial, and all was resolved at no cost to the complainant.

## COMPLAINT

The complainant purchased a pre-owned vehicle. The complainant requested that the selling dealership replace the battery at no cost to her and they complied. The complainant then later requested that the sales agreement be cancelled, which the selling dealership refused.

## RECOMMENDATION

The complainant approached the Motor Industry Ombudsman of South Africa (MIOSA) for assistance. It was confirmed that the selling dealership acted in a manner compliant with section 56(2) of the Consumer Protection Act No. 68 of 2008 (CPA) by replacing the vehicle's battery at no charge. Therefore, the complainant had no grounds to cancel the sales agreement as requested at a later stage.

## COMPLAINT

The complainant purchased a pre-owned vehicle from a dealership (respondent). The vehicle broke down five months later. The cambelt tensioner failed and severe damage was caused to the engine. The repair cost amounted to R392 253.50. A report indicated no negligence. The respondent was willing to contribute R10 000 and stated the vehicle had travelled 6 000 kilometers.

## RECOMMENDATION

The complainant approached the Motor Industry Ombudsman of South Africa (MIOSA) for assistance. Section 56(2) of the Consumer Protection Act No. 68 of 2008 (CPA) was implemented and the selling dealership had to repair the vehicle as it was still under the six-month implied warranty as per the said section of the CPA. The complainant offered to utilise the aftermarket warranty.

## COMPLAINT

The complainant's vehicle was struck by lightning, damaging 15 control units and as a result, the vehicle would not start nor respond. The complainant was quoted an amount of R21 000 for the necessary repairs. The complainant however believed that the manufacturer (respondent) should be liable for the cost of repairing the vehicle. The respondent instructed the complainant to take the matter up with his insurer.

## RECOMMENDATION

The office of the Motor Industry Ombudsman of South Africa (MIOSA) agreed with the respondent that the complainant should take the matter up with his insurer as a new vehicle warranty is subject to specific terms and conditions and does not cover any acts of nature.

### COMPLAINT

The complainant enquired via an e-mail to the respondent whether they would supply him with a clutch assembly/housing for his motorcycle and they confirmed that they were able to do so. The complainant enquired from the respondent regarding the ordering process and made an EFT payment. The respondent advised the complainant that the delivery date would be a month-and-a-half after payment was received. Due to the COVID-19 national lockdown, the delivery was not possible. The complainant was promised that it would take place four months after the original delivery date. The respondent offered to refund the complainant the purchase price however had not done so. The complainant wanted a full refund plus interest accrued from date of purchase.

### RECOMMENDATION

The office of the Motor Industry Ombudsman of South Africa (MIOSA) recommended that the respondent should comply with section 16(4)(a) of the Consumer Protection Act No. 68 of 2008 (CPA) which states that, 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 if no goods had been delivered to the consumer in terms of the transaction.

### COMPLAINT

The complainant purchased a pre-owned vehicle from a dealership (respondent). The complainant stated that when delivery of the vehicle was taken, there were certain faults highlighted. The respondent promised to rectify the problems but did not keep the promise. The complainant stated that certain repairs or enhancements were done on the vehicle of which some were not requested. According to the complainant, the vehicle had been at the respondent's workshop on numerous occasions since purchase, but more problems occurred.

### RECOMMENDATION

The office of the Motor Industry Ombudsman of South Africa (MIOSA) recommended that the respondent collect the vehicle at their own expense and cancel the sales transaction. In terms of section 56(3) incumbent with section 20(6) of the Consumer Protection Act No. 68 of 2008 (CPA), wherein it states that the supplier may charge the consumer a reasonable amount for the use of the vehicle during the time it was in the consumer's possession.

### COMPLAINT

The complainant's vehicle broke down six weeks after taking delivery of it. The dealership (respondent) stated that the breakdown occurred because of the way in which the vehicle was driven and did not find themselves obligated to assist.

### RECOMMENDATION

An independent assessment was carried out on the vehicle which revealed that the engine failed due to internal oil starvation which started to develop before its delivery to the complainant. The Motor Industry Ombudsman of South Africa's (MIOSA) recommendation was that the complainant be refunded the purchase price in terms of section 56 of the Consumer Protection Act No. 68 of 2008 (CPA), with consideration of the consumer's use of the vehicle, in terms of section 20 of the same act.





## LETTERS RECEIVED

*I wish to immensely thank you for your patience you showed in listening to me over the telephone and reading my e-mail regarding the case. Thank you for your promptness and your amicable assistance in resolving the case.*

**MR MOTLAGOMANG**

*Thank you for taking the matter up with the tracking company. I believe it would not have been resolved as quickly and as reasonably if not for the MIOSA's involvement here.*

**MR BROOMHEAD**

*I would like to give thanks to the MIOSA. I really appreciate your help and efficient service. I believe the call lodged can now be closed.*

**MR MAKGATHO**

*I just want to thank you for all your help with the dealership, they refunded my full purchase value of the vehicle. It's most appreciated. Thank you for all the support and immaculate service from the MIOSA.*

**MR FRITZ**

*Thank you so much for the great news. Please thank everyone who assisted me in this matter. Your tireless work is really appreciated. Thank you so much.*

**MS MOKOENA**

*Thank you for listening amidst my frustration and your professionalism during our conversation. Much appreciated! Thank you!*

**MS NAIDOO**

*I would like to take the opportunity to thank you for your intervention and investigation done on my complaint, it's highly appreciated. Thank you once again for your assistance. Keep up the good work.*

**MR GEORGE**

*Thank you for the response, I just spoke to the Information and Liaison Department and they answered all my questions.*

**MS BOURMAN**

*I am very pleased with your advice that you suggested to me regarding my vehicle and my problem has been solved because of you. Great service and thank you.*

**MR GAFFOOR**

*Good day I'm pleased to inform you Sir and your organisation that the vehicle deal has been reversed with no further costs on my side as a customer. I would not at any given time lose the sight of the fact that the positive result has been through your intervention, fighting for me so that justice can prevail. I've been through hard times since August 2020 when the deal was signed it has affected my life emotionally and that of my immediate family. I pray to God Almighty to shower his blessings to you and protect you and your families in this difficult time of the Covid pandemic. I so wish we could have more people who are so robust and faithful in resolving complex matters most of us could not handle amicably. It is my wish, together with my wife, for you in whatever positions you occupy. May you escalate to higher positions now. I thank you Motor Industry Ombudsman.*

**MR GCWABAZA**

*Thank you very much for your prompt response and willingness to help.*

**MR CRONJE**

*We take note of the contents of your recommendation and thank you for your friendly and professional assistance as always.*

**MS MKHONTO**

*Thank you for the good customer service. I really appreciate it.*

**MS MKHONTO**

*Much appreciated for the prompt capturing of my issue and understand the lockdown will slow things down.*

**MR WARNER**

*I would like to thank you guys for all the help I got from your side, as we speak the dealership has given me the car and all is well and all the thanks to you guys. I hope even in the future, even if I encounter any problem, you guys will surely come to my aid.*

**MS RANGATA**

*Thank you for your speedy feedback, much appreciated.*

**W. VENTER**

*Thank you for your efficiency in handling the above matter with us. It's greatly appreciated.*

**MR WARNER**





## A WORD OF THANKS

The Motor Industry Ombudsman of South Africa (MIOSA) can confidently state that it enjoys the full support of the formal automotive and related industries in South Africa. The MIOSA wishes to thank the following organisations and institutions for their generous support:

- Government through the Department of Trade, Industry and Competitions, the provincial consumer protection agencies, the National Consumer Tribunal, provincial consumer protectors, the consumer courts, the Departments of Justice and Transport, with a special thanks to the National Consumer Commission;
- The chairpersons and executive directors of the National Association of Automobile Manufacturers of South Africa, the National Association of Automotive Component and Allied Manufacturers, the Retail Motor Industry organisation, the Independent Dealer Association and the Automobile Association of South Africa;
- Members of the South African motoring public, who have ensured the ongoing growth of the MIOSA;
- Vehicle manufacturers, importers and the retail automotive and related industries;
- The media through its positive and ongoing support;
- The South African Consumer Union and the South African Fraternity of Attorneys;
- The Ombudsman for Banking Services;
- The Consumer Goods and Services Ombudsman;
- The Credit Information Ombudsman;
- The FAIS Ombudsman;
- The Ombudsman for Short-term Insurance.

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 customer care and retention as the basis for success. Their support and continued acknowledgement have resulted in the MIOSA going from strength to strength. We trust that our services will continue to benefit all parties in 2021.

# THE MOTOR INDUSTRY OMBUDSMAN OF SOUTH AFRICA

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