



MOTOR INDUSTRY OMBUDSMAN  
OF SOUTH AFRICA



2021 / 2022

# ANNUAL REPORT







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# BOARD OF DIRECTORS



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



# CONSTITUTION

The office of the Motor Industry Ombudsman of South Africa (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.

# MISSION

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

# VISION

Its mission is to primarily defend the independence of the MIOSA's office, 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.

**The new year started off in much the same way the previous one had ended, and with the COVID-19 pandemic restrictions still very much the order of the day, the feeling of negativity amongst the people of South Africa was palpable.**

Being under siege by this dreadful virus left people despondent and with very little hope for the future. However, here and there sparks of new developments were starting to show as the GDP growth rate jumped from -6,4% to 4,9% in 2021.

It was remarkable to witness the novel ways in which businesses dealt with the challenges that they had to face during the restrictions of 2021. Fortunately, with COVID-19 restrictions gradually being relaxed, it became a little easier to conduct business and with typical South African resilience, the economy slowly started to bounce back. The only damper was the lower vehicle export figure that was still a leftover of the global restrictions due to the pandemic.

South Africa is a relatively small player in the global vehicle market, and in order to compete, local manufacturers need strong leadership to

maintain our slice of the global vehicle market cake. It once again became abundantly clear that our motor and related industries are led by strong and experienced individuals who doggedly met every challenge with remarkable resilience and with, dare I say, much success under these trying circumstances.

The office of the Motor Industry Ombudsman of South Africa (MIOSA) was also hard hit by the pandemic. Despite this, however, the Ombudsman and his dedicated staff managed to keep costs under control, which resulted in the MIOSA staying within the parameters of its board-approved budget. These dedicated men and women who, on a daily basis, deal with the often very complex issues and problems experienced by consumers certainly deserve my utmost appreciation. I would also like to thank the members of the board for their valuable input during the year under review.





# OMBUDSMAN'S REPORT

## JOHAN VAN VREDEN

**The year under review yielded many challenges for the office of the Motor Industry Ombudsman of South Africa (MIOSA). Still firmly in the grip of the COVID-19 pandemic that held most of the country hostage, we were – as all other parts of the motor and related industries – forced to adapt to the many changes that were thrust upon us and to overcome the hurdles that arose as a result.**

Through the frugal management and strict financial discipline of the Finance Department, the MIOSA was able to sustain its position and showed financial stability, despite facing significant challenges during this period. At the same time, the Legal Department prevailed in its efforts to ensure that the MIOSA remains financially viable. We were also able to identify a number of unscrupulous practices among certain used-vehicle dealers. The details are in the report of the legal department.

Our systems continued to develop as new challenges arose and the MIOSA was able to continue its deliverance of good service within the parameters of the South African Automotive Industry Code of Conduct (Code). One of the most important areas of performance was that the deadlines were met in accordance with the Code in almost all cases dealt with. Our compliance with productivity and service standards was applauded by the motor and related industries and consumers alike. As in all things, it was not always possible to satisfy all parties during our deliberations, but we are confident that our systems and methodologies are on par with global standards.

Within the realm of the Operations Department, great strides were made in the continued development and growth of the office of the MIOSA, including areas such as employment equity. It also ensured that the MIOSA was in compliance with the Protection of Personal Information Act (POPIA) by the stipulated deadline of 1 June 2021. In the Administration Department we were able to slowly work our way back to a normalised environment. The detail shown in the report by the head of the Administration Department reveals the sheer volume of work they had to cope with in the year under review.

Within the Case Management Department beats the heart of the MIOSA. It is here where consumers and

the motor industry place their trust and where complaints are investigated, and recommendations made. This vital department of the MIOSA has been and continues to be very successful in the carrying out of its duties and meeting its deadlines.

The proverbial door of the MIOSA is the Information and Liaison Department. The staff in this department provide consumers and industry participants with advice and information to assist with the handling of complaints. During the national state of disaster, this department continued to provide excellent service to consumers and the motor industry at large.

The Inspectorate Department of the MIOSA is in physical contact with all automotive and related industry participants throughout South Africa. This department works closely with compliance officers of the National Consumer Commission, as well as with law enforcement. Despite their best efforts there are still some industry participants who continue to provide poor service to consumers and to unlawfully attempt to conceal their activities from the MIOSA.

A great part of the activities of the MIOSA is the educational efforts that the Public Affairs Department has been charged with. This is a very important component of the mandate of the MIOSA, and as such it is taken very seriously. We not only attend, but also actively participate in all consumer events arranged by stakeholders across South Africa. At many of these events the MIOSA takes the lead, especially in rural areas where consumer education is very needed.

All that remains for me is to thank the MIOSA's Chairperson, Dr Phosa, the Board of Directors, management, and staff for their uncompromising support and hard work in the period under review. This dedication has led to the MIOSA going from strength to strength.

# FINANCIAL REPORT

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

The Motor Industry Ombudsman of South Africa (MIOSA) is cognisant of its obligation to exercise accountability and transparency in conducting its affairs, and sustainability in its operations and reporting. Its strategic goal requires it to have sufficient oversight structures in place to ensure effective financial management and reporting. It subscribes to a strong ethos of communication and recognises the importance of sharing information with all of its stakeholders.

The MIOSA takes pride in its financial management, which is founded in disciplined budgeting, clear policies reflecting best practice, effective controls, and accountability.

The MIOSA's value of transparency is demonstrated in its strong track record of unqualified audits. It is pleased to report that it stayed within the budget, as approved by the Board of Directors, during the reporting period.

## **Accounting Policy**

The MIOSA is required to maintain adequate accounting records and is responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is the responsibility of the MIOSA to ensure that the financial statements fairly represent the state of affairs of the entity as at the end of the financial year, as well as the results of its operations and cash flow for the period under review. External auditors are engaged to express an independent opinion on the Annual Financial Statements and are given

unrestricted access to all financial records and related data. The Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice on a basis consistent with the previous year.

## **Liquidity Risk Management**

The MIOSA's risk to liquidity is a result of the funds available to cover future commitments. Liquidity risk is managed by monitoring forecasted cash flow and ensuring that the necessary funds are available to meet any commitments which may arise.

## **Efficiency**

The MIOSA invests in processes and systems aimed at improving its efficiency. These include technology acquired that has improved the control of the MIOSA's fixed assets. All assets have been recorded electronically and have been barcoded for additional control.

## **Ethics**

Internal policies and procedures are adopted and implemented to ensure that the MIOSA maintains high ethical standards and compliance to principles of honesty, integrity, and independence.

## **Levies and taxes**

The MIOSA is registered for and met its obligations in relation to the following levies and taxes:

- Skills Development Levy;
- Workmen's Compensation;
- Unemployment Insurance Fund; and
- Pay-As-You-Earn (PAYE).



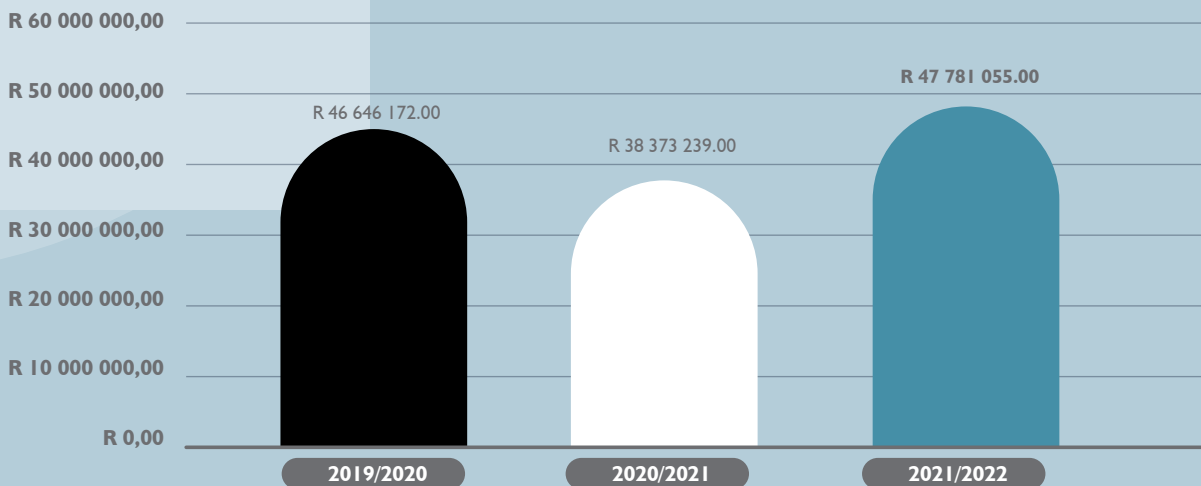
## Employee Retention

To ensure optimal employee retention the MIOSA has embarked on the establishment of an Employee Development Plan, initiated by the Employment Equity Committee. The goal is to identify the training requirements of employees and assisting, where possible, to upskill and continuously provide onsite/offsite training in line with the approved budget.

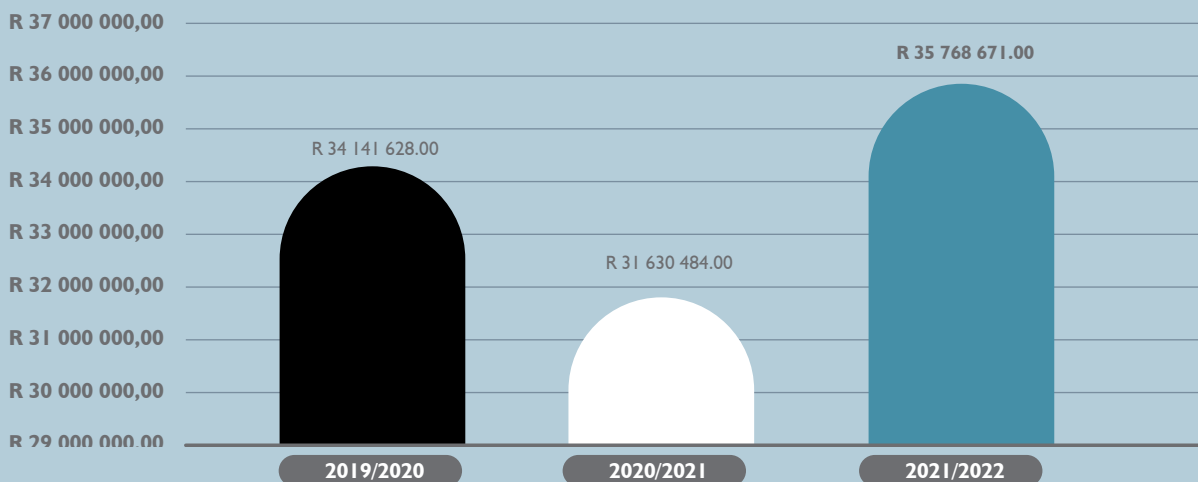
## Review of financial performance

The 2021/2022 financial year was another challenging one for the South African economy and the MIOSA felt the strain of the unfavourable economic environment, mainly due to ripple effects of the COVID-19 pandemic. The MIOSA as an entity is solvent, and the liquidity ratios are favourable.

Revenue: Figure 1



Expenses: Figure 2



# ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2022

## Statement of Comprehensive Income

FIGURES IN R	2022	2021	2020
<b>Revenue</b>	<b>47 781 055</b>	<b>38 373 239</b>	<b>46 646 172</b>
Other Income	309 741	142 035	167 904
- Interest Received	143 653	119 443	162 083
- Sundry Income	166 088	22 592	5 821
Operating Expenses			
- Accounting fees	0	21 500	15 000
- Advertising fees	111 668	79 416	117 189
- Auditors remuneration	15 000	44 400	30 750
- Bad debts	867 487	4 388 663	4 375 321
- Bank charges	142 454	131 245	195 058
- Chairperson fees	120 000	120 000	120 000
- Computer costs and website development	357 695	449 645	335 202
- Consulting fees	158 209	1 124 460	1 189 152
- Contract termination fee	0	11 446	0
- Depreciation, amortisation and impairments	759 450	610 056	517 804
- Donations	3 094	7 694	3 527
- Employment costs	27 916 130	20 616 640	22 029 567
- Entertainment	269 057	139 467	211 345
- Insurance costs	257 294	263 839	265 329
- Interest paid	13 503	0	0
- Lease rental of premises	1 947 134	1 808 092	1 838 156
- Legal costs	644 971	901 642	542 777
- Loss on disposal of asset	0	19 330	0
- Motor vehicle costs	542 644	450 493	580 026
- Postage	9 484	6 376	9 720
- Printing, stationery and hire of printers	167 549	114 023	514 478
- Repair and maintenance/Security costs	587 138	440 632	267 117
- Storage and archiving costs	35 478	37 500	37 565
- Subscriptions	96 422	59 716	122 680
- Telephone and communication costs	445 355	611 565	567 067

## Statement of Comprehensive Income - continued

FIGURES IN R	2022	2021	2020
<b>Revenue</b>	<b>47 781 055</b>	<b>38 373 239</b>	<b>46 646 172</b>
- Training costs	134 168	109 665	60 845
- Travel and accomodation costs	186 038	86 849	195 953
- VAT expense account	0	-1 023 870	0
- Write off of obsolete assets	-18 751	0	0
<b>Total Operating Expenses</b>	<b>35 768 671</b>	<b>31 630 484</b>	<b>34 141 628</b>
- Finance costs	419 852	496 679	387 357
<b>Deficit/Surplus for the year</b>	<b>11 902 273</b>	<b>6 388 111</b>	<b>12 285 091</b>

## Statement of Financial Position

FIGURES IN R	2022	2021	2020
<b>Non-current Assets</b>			
- Property, plant and equipment	1 569 632	1 428 930	1 193 773
- Intangible assets	3 173 782	3 434 652	3 695 652
<b>Current Assets</b>			
- Loans receivable	279 865	282 287	79 786
- Trade and other receivables	67 682 380	58 570 648	57 028 599
- Cash and cash equivalent	6 035 888	4 961 125	2 711 382
<b>Total Assets</b>	<b>78 741 547</b>	<b>68 677 642</b>	<b>64 709 192</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
- Retained earnings	65 064 000	53 157 986	46 762 490
<b>Non-current Liabilities</b>			
- Borrowings	2 947 399	4 708 565	5 485 023
<b>Current Liabilities</b>			
- Trade and other payables	10 730 148	10 811 091	12 461 679
<b>Total Assets</b>	<b>78 741 547</b>	<b>68 677 642</b>	<b>64 709 192</b>

# LEGAL DEPARTMENT

**The pandemic had a profound effect on the activities of the Legal Department. Courts were regularly closed due to positive COVID-19 cases. Notwithstanding the circumstances, no stone was left unturned in collecting arrear contributions. An Appeal Court ruled that industry participants have an obligation to pay their contributions as it is in terms of a statutory obligation. Jurisdiction to collect contributions is in the Magistrates Court for the district of Pretoria. It was further held that industry participants must seek out the Motor Industry Ombudsman of South Africa (MIOSA) to make payment.**

By the end of the year under review, the Legal Department had issued 520 summonses to collect outstanding contributions. The results have been astounding as the majority of participants either paid their contributions or arranged to pay in instalments. A minority of participants either unsuccessfully defended and later settled or those who ignored the summons received default judgments against them.

The Legal Department and the Inspectorate Department of the MIOSA work hand in hand, on an ongoing basis, to ensure that information at its disposal is accurate and up to date. In terms of the accredited South African Automotive Industry Code of Conduct (Code), the MIOSA is obligated to continue building its own database, a task undertaken by the Inspectorate Department and the Finance Department. The MIOSA and the Consumer Goods and Services Ombudsman (CGSO) resolved



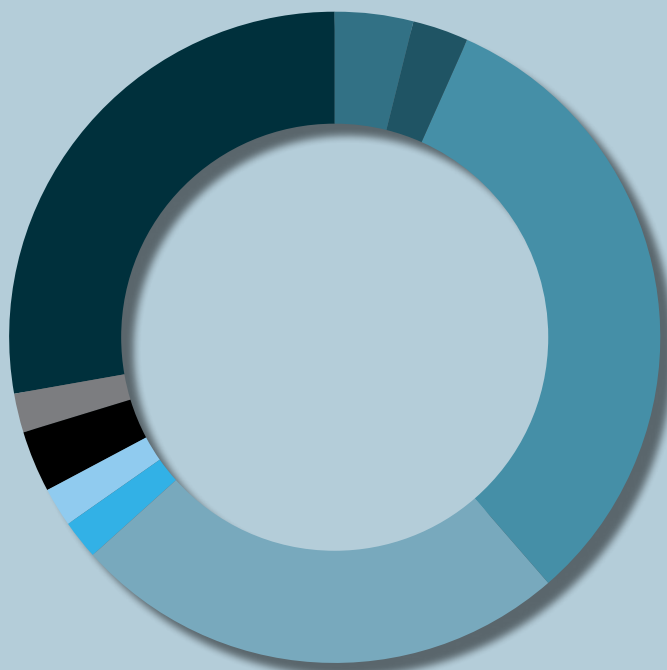
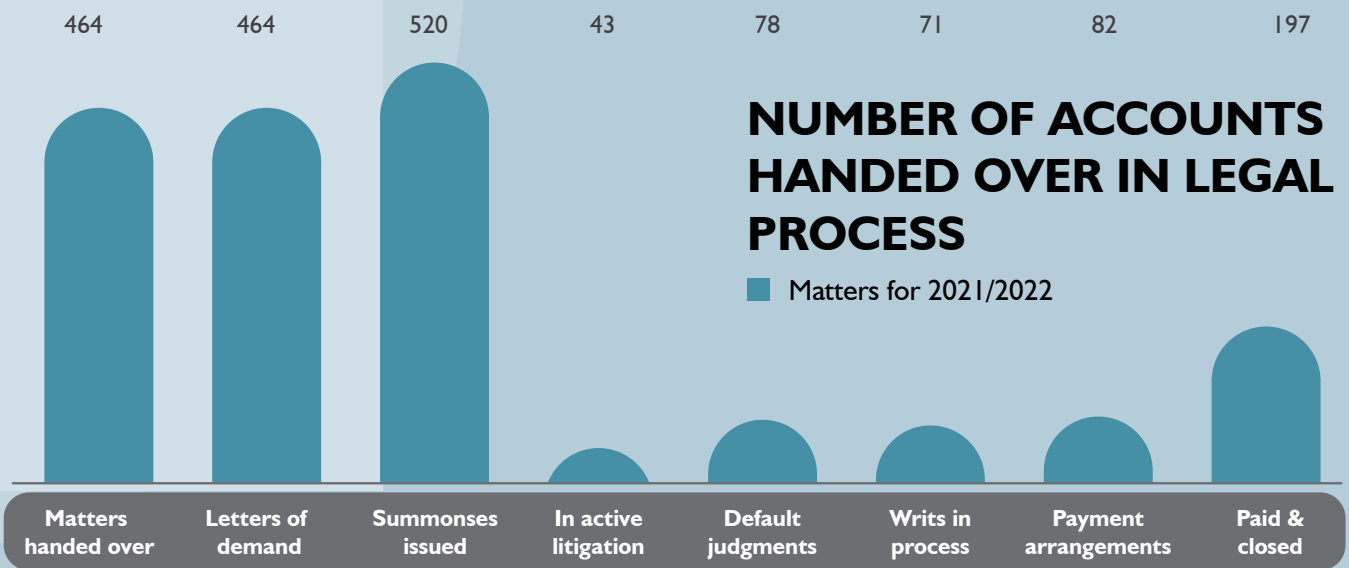
that the MIOSA would henceforth deal with both contractual and technical disputes relating to tracking devices to ensure end-to-end support to the industry.

There still exists a vast opportunity for support and education in the consumer protection environment. The MIOSA became aware of a practice amongst some dealerships to sell pre-owned vehicles as metal content when a consumer opts not to buy a warranty for the vehicle. The dealerships think that this exonerates them from any duty to repair. This constitutes a contravention of the Consumer Protection Act, 68 of 2008 (CPA). The National Consumer Tribunal will pronounce on this issue soon.

It is too early to comment on the Guidelines for Competition in the South African aftermarket, issued by the Competition Commission and dated 10 December 2020.



# LEGAL STATISTICS



- Eastern Cape
- Free State
- Gauteng
- KwaZulu-Natal
- Limpopo
- Mpumalanga
- North West
- Northern Cape
- Western Cape

## LEGAL HANDOVER PER PROVINCE





# 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. In pursuing its legislated mandate, the MIOSA strives to:

- Continuously deliver the required business results;
- Comply with quality, productivity, and service standards;
- Meet deadlines and maintain clear focus on the MIOSA's goals;
- Demonstrate good work ethic, show respect, display integrity, and have empathy with stakeholders' needs;
- Work cooperatively and effectively to achieve common goals;
- Participate in building a group identity characterised by pride, trust, and commitment;
- Effectively convey information and express thoughts and facts, demonstrating effective use of listening skills and displaying openness to ideas and thoughts
- Efficiently utilise resources resulting in quality outcomes;
- Display fairness, objectivity and independence;
- Deliver timeous decisions of a high calibre;
- Effectively communicate our work with the public;
- Maintain courteous, efficient, informed interaction with all stakeholders.

The MIOSA encourages employees to accept responsibility for their actions and decisions and complete their work in an ethical and cost-effective manner.



## OPERATIONS DEPARTMENT

The Chief Operating Officer (COO) oversees all operational and administrative functions of the Motor Industry Ombudsman of South Africa (MIOSA), ensuring that all operational activities within the organisation are performed in the best possible manner. Increasing the strategic, as well as the operating value of managing business operations are critical to the smooth running of the office and as such the COO wears many hats to successfully fulfill this role.

The COO is acutely aware that the core function of the MIOSA is dispute resolution and that this can lead to a negative environment. The MIOSA recognises that its greatest asset is its employees and the COO cultivates a strong team spirit and sense of cooperation by organising regular inter-departmental social events.

The MIOSA continually improves its case management and industry participant systems to enhance the productivity of its employees and to assist industry participants and consumers.

As the COVID-19 pandemic took a toll on everyone, the MIOSA contracted an independent life coach to counsel employees on a range of professional and personal issues which may have affected them during the pandemic years.

**Employment Equity** – The Employment Equity Committee (Committee) comprises of MIOSA employees, representing all levels in the organisation, who have been selected in line with the provisions of the Employment Equity Act. The Committee oversees the transformational agenda of the MIOSA. Its objectives are to do an analysis of the employee profile, play a consultative role in setting targets for transformation, and identify and resolve barriers to transformation. The MIOSA has complied with the requirements of the Employment Equity Act in ensuring that suitably qualified employees from designated groups have equal opportunity and are equitably represented in all occupational categories and levels of the

workforce. The Committee have submitted the Employment Equity Plan to the Department of Labour as required.

**POPIA Compliance** – The MIOSA is proud to say that it was mostly compliant with the Protection of Personal Information Act (POPIA) before the required deadline and worked tirelessly to ensure that the organisation was 100% compliant by the stipulated deadline of 1 June 2021. The MIOSA's Information Officer was registered with the Department of Justice, after which the appropriate training was completed and any outstanding POPIA policies, manuals and procedures implemented.

**COVID-19 Policy** – The MIOSA has developed a Pandemic Policy (inclusive of COVID-19) which has been implemented as per the Department of Public Service and Administration and Department of Labour guidelines. The MIOSA is compliant with all COVID-19 regulations.

**Surveys** – In the year under review, the MIOSA developed survey forms which go a long way towards gathering information from industry participants and complainants alike to provide the organisation with valuable insight into better understanding the requirements of the relevant parties. By collecting this information, the MIOSA will be able to identify where and how the service it provides can be improved, to the benefit of both industry participants and consumers.

## ADMINISTRATION DEPARTMENT

The Administration Department consists of four essential positions: the manager and case management system designer; the mailing accounts controller and correspondent (also the assistant manager of the department); the filing coordinator; and the archiver. The staff of this department boast 53 years of combined experience within the MIOSA.

The department remains central in assisting the Case Management Department and the Information and Liaison Department by providing vital services. This includes first contact with the South African motoring public through the main electronic mailing account, distribution of applications for assistance and vital information pertaining to registered complaints, case management system development, logging and data capturing of applications, and finally, the management of registered complaint files.

During 2021 the MIOSA started experiencing a slow progression back to “normal” pre-COVID-19 business practices.

In the year under review, the MIOSA's main e-mail account received 8 619 e-mails. These consisted of letters of complaint, as well as requests for advice and updates on current cases. An average of 627 files per month were archived, giving a total of 7 528 files for the year.

The Administration Department managed 8 176 files that were booked in and out of the filing system, on the request of Case Managers, in order to address consumer complaints. This is on par with 2019, before a radical drop was experienced in 2020, mainly due to the COVID-19 pandemic. In October 2021, due to the high volume of files and the MIOSA's responsibility in terms of the Protection of Personal Information Act (POPIA) to safeguard personal information, a new fire-proof archiving cabinet was installed.

## CASE MANAGEMENT DEPARTMENT

The Motor Industry Ombudsman of South Africa (MIOSA) provides a platform where complainants can bring their disputes, without incurring exorbitant legal costs, to find clarity and direction in relation to their rights and the supplier's responsibilities. A tool that MIOSA uses in its deliberations is the Consumer Protection Act No. 68 of 2008 (CPA), and its regulations.

In addition to the applications submitted to the MIOSA by consumers, this office also receives referrals from the National Consumer Commission (NCC), in terms of section 72 of the CPA, and from the Provincial Consumer Protection offices. The MIOSA's average closure rate was 65 business days, from receipt of complaint to its closure. This is in line with the South African Automotive Industry Code of Conduct. The MIOSA received 7 472 applications for assistance during the year under review, 1 179 of which were deemed outside of the MIOSA's jurisdiction and referred to other

**The duty of the Case Management Department is to investigate consumer disputes against the automotive and related industries, as well as inter-industry disputes, and to make recommendations based on the principles of good engineering practice, good customer relations, natural justice, and law.**

forums. Another 6 293 complaints were referred to the automotive and related industries for response. Of those, 4 489 received responses to the allegations from industry members within the allotted time.

This left 1 804 non-compliant industry members who failed to respond to the MIOSA's requests. This behavior is deemed to be in contravention of the CPA in terms of section 82, subsection 8. These complaints were brought under the attention of the NCC for investigation.

The Case Management Department closed a total of 7 961 complaints in the year under review. The decline, when compared to figures from the previous year, can be attributed to the resignation of one of the case managers and the difficulty experienced in finding a suitably qualified and experienced replacement.

## INFORMATION AND LIAISON DEPARTMENT

**The Information and Liaison Department is the mouthpiece of the Motor Industry Ombudsman of South Africa (MIOSA) and is required to effectively convey information and demonstrate accurate use of listening skills and knowledge to serve as the heart of communication for the organisation. Being the first line of contact for consumers and industry participants alike, it can assist in six of the official South African languages and staff members are continuously undergoing intense training to improve service delivery.**

Throughout the two years of being in the National State of Disaster, which was announced in March 2020, provisions were made to ensure that the Information and Liaison Department continues to provide uninterrupted and effective service, complying with quality, productivity, and service standards. If there is one thing the MIOSA learnt in the past year, it is how to adapt and innovate within its own environment. The pandemic impacted on all facets of life in the home, office, and community environments. Despite this, the MIOSA grew its reputation and stature and increased the volume and quality of the work it performed.

The ability to better serve consumers and industry participants and to improve on the output of previous years is the direct result of the dedicated efforts of staff members. They did the MIOSA proud and worked very hard under unfamiliar conditions, facing a heavy

workload and many technological challenges. The Information and Liaison Department displayed excellent communication skills, professional attitude and demeanor, and the ability to adapt and excel in a fast paced working environment.

Two new staff members were welcomed to the team during the period under review and aided the department in maintaining the high level of service it provides as one of the most important cogs in the dispute resolution process – from first contact through to the finalisation of complaints and the closure of matters.

The Information and Liaison Department will continue to serve consumers and participants from the automotive and related industries, developing strong attributes and skills to ensure effective assistance to all.



## INSPECTORATE DEPARTMENT

It works closely with the compliance officers of the National Consumer Commission, Consumer Affairs, National Credit Regulator, and the South African Police Service to ensure compliance within the automotive and related industries.

Non-compliant automotive and related industry participants are still trying to hide their existence from the MIOSA by refusing to record their business information. The MIOSA embarked on a litigation strategy to force non-compliant participants in the automotive and related industries who were identified by

**The Inspectorate Department of the Motor Industry Ombudsman of South Africa (MIOSA) contacts all automotive and related businesses throughout South Africa to identify industry participants and to assist them in the recording process of their businesses.**

the inspectorate department 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).

With the country experiencing the lingering effects of COVID-19 regulations, there are still a vast number of business closures in the automotive and related industries. Travel restrictions during this time also hampered the ability of inspectors to visit as many areas as they would want to.

## PUBLIC AFFAIRS DEPARTMENT

Despite the restrictions that came with the amended regulations, the Public Affairs Department of the MIOSA forged ahead with its annual plan, thanks to proper planning and creativity. We kick-started our annual calendar by participating in the World Consumer Rights Week activities that took place in the Free State. These activities were dominated by compliance visits to the automotive and related industries in Bloemfontein, Bethlehem, and Kimberly to educate participants on their rights and obligations in terms of the South African Automotive Industry Code of Conduct (Code) and the Consumer Protection Act 68 of 2008 (CPA).

Ongoing collaboration with Government Communications and Information Systems (GCIS) and City of Tshwane Health provided us with a platform to educate people who visited mobile vaccination units. The rolling vaccination programme has enabled the MIOSA to cover more ground as it was spread through the entire Tshwane.

In the endeavor to intensify the MIOSA's awareness campaign, various religious organisations were approached to host MIOSA awareness campaigns. It was no surprise when the MIOSA's proposal was met with positivity. African Catholic Church opened its doors and provided us with an audience. What was more encouraging was that the Marapyane, Seabe and Mmamethlake branches were COVID-19 compliant. Our fellow stakeholders warmed to this idea and agreed to come on board.

**Ironically, the financial year of the Motor Industry Ombudsman of South Africa (MIOSA) started on the same day that the Amendment of Regulations to the Disaster Management Act came into effect. The amendment was signed by the Minister of Cooperative Governance and Traditional Affairs on the 28 February 2021 and became effective on 1 March 2021, putting the entire country on Adjusted Alert Level 1.**

During the festive season the MIOSA embarked on a series of awareness campaigns throughout the Northwest Province and did community work around Brits and Moruleng in collaboration with the National Credit Regulator (NCR), Department of Trade, Industry and Competitions (Dtic), Financial Services Conduct Authority (FSCA) and Council for Debt Collectors (CDC). The MIOSA wrapped up the year under review by participating in joint consumer education workshops with the NCR and the FSCA in Limpopo, Northern Cape, and Mpumalanga.

During the period under review the MIOSA participated in:

- Twelve consumer education virtual webinars
- Ten consumer education workshops (face to face)
- Seventeen radio interviews
- One television interview

And conducted:

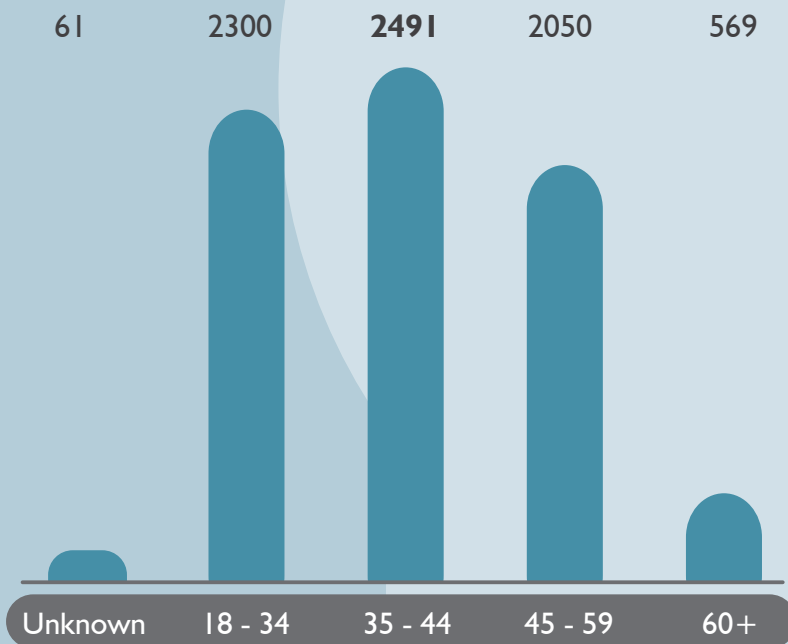
- Twenty-three compliance visits to the automotive and related industries
- Fifty-seven awareness campaigns

Like the MIOSA's slogan "The Road Ahead", the department is optimistic that the MIOSA will maintain consistency in the years to come.

# CASE MANAGEMENT STATISTICS

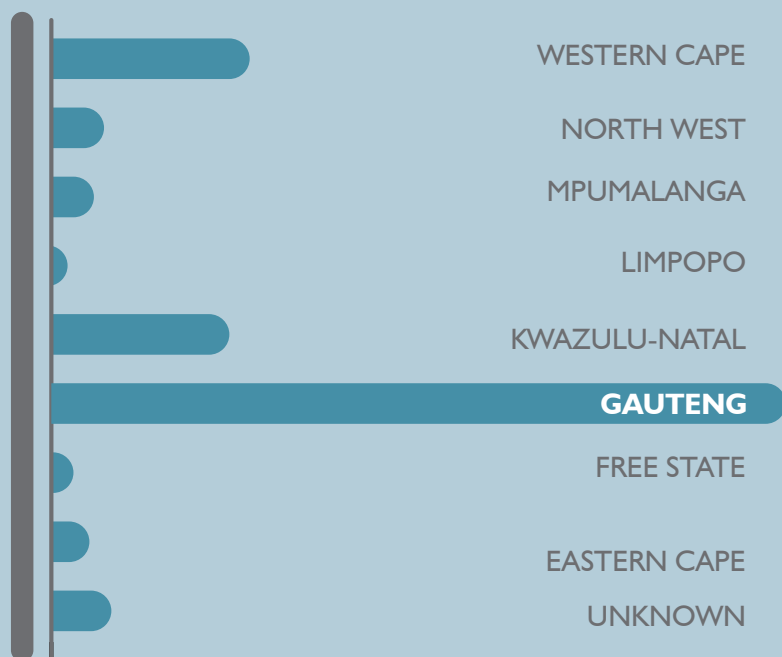
## AGE GROUP OF COMPLAINANTS

■ AGE GROUP OF COMPLAINANTS



## PROVINCE OF COMPLAINT

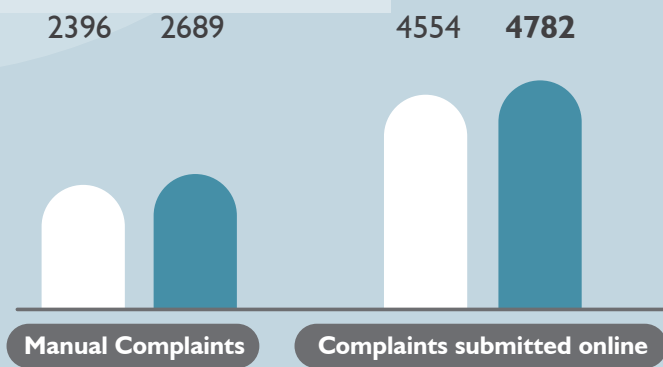
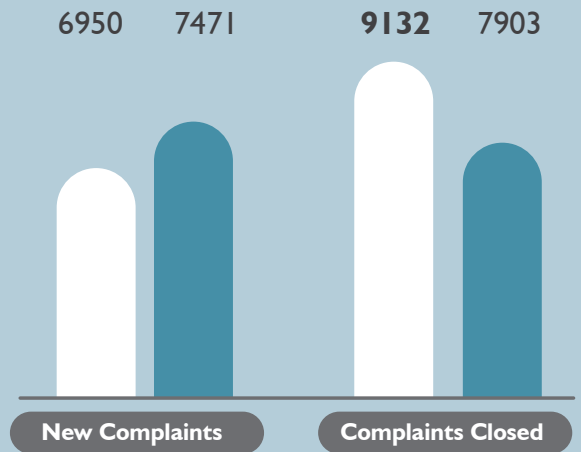
■ NUMBER OF COMPLAINTS RECEIVED





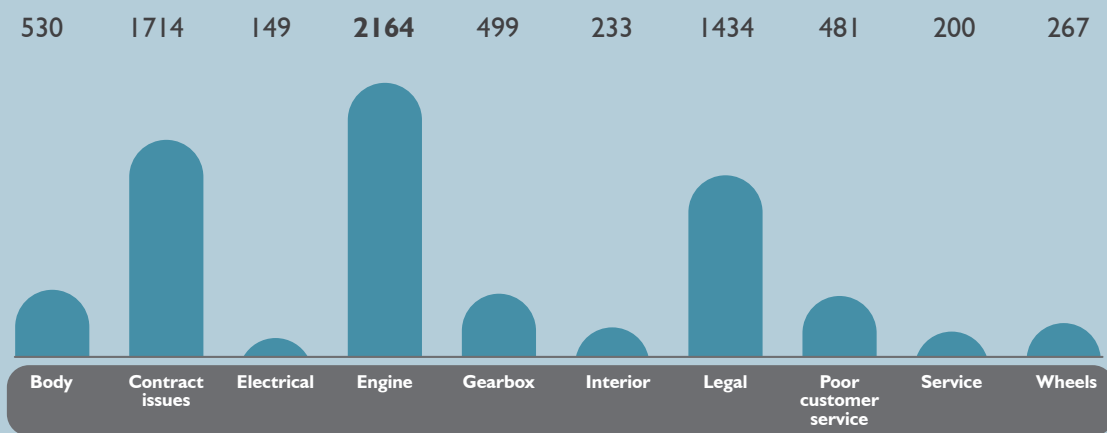
# COMPLAINTS

2020/2021 2021/2022



## MANUAL COMPLAINTS VS COMPLAINTS SUBMITTED ONLINE

2020/2021 2021/2022



## TOP 10 PROBLEM GROUPS

NUMBER OF COMPLAINTS



# CASE STUDIES

## COMPLAINT

According to the complainant the vehicle did not want to start due to a low voltage concern with the battery a day after purchase. He contacted the respondent for assistance but did not receive any feedback. The complainant took the vehicle to a third-party specialist for assessment, where it was discovered that the brake disks and brake pads did not comply with prescribed specifications.

The respondent had the brakes replaced to resolve his concerns. A week later, the complainant saw smoke and smelled fumes coming from the vehicle. The vehicle was returned to the respondent, where it was discovered that there was a fuel leak on the engine, which the respondent repaired.

After further concerns arose the complainant decided to take the vehicle to an authorised workshop for an assessment and furnished the respondent with a quotation for the repairs. Only repairs on certain faults were authorised. The complainant stated that the problems with the vehicle persisted.

The complainant approached the Motor Industry Ombudsman of South Africa (MIOSA), requesting assistance in resolving the dispute with the selling dealer. He wanted the respondent to either cancel the transaction and refund the deposit or replace the vehicle.

## RECOMMENDATION

The MIOSA recommended that the respondent collect the vehicle, at its risk and expense, and cancel the sales transaction in terms of Section 56 (3), with consideration for the right to impose a charge of restoration/usage under Section 20 (6) of the Consumer Protection Act No.68 of 2008. The respondent adhered to the recommendation and cancelled the transaction. The complainant subsequently purchased another vehicle from the same supplier.

## COMPLAINT

The complainant stated that a spanner warning light started flashing on his vehicle's information cluster during December 2021 and that he only took the vehicle to the respondent by mid-January 2022. The vehicle was connected to a computer for resetting and all faults were cleared. When he then took the vehicle for a test drive the warning lights were gone, but the vehicle was still struggling to change gears in auto. He decided to book it in at the respondent's workshop for further assessment.

Tests then revealed that the gearbox solenoid valve was stuck and needed to be replaced, but this had to be done by a gearbox specialist as the respondent does not deal with transmission repairs. The costs for the tests already performed were borne by the respondent. The vehicle was thus taken to a gearbox specialist for further tests and possible repairs.

An estimated quotation of R49 062.83 for repairs was provided. In late January 2022, the vehicle stopped on the road and was towed to another dealership, which indicated that both the engine and gearbox needed to be replaced at a cost of R218 114.33. The consumer escalated the matter to the respondent, who refused to carry the costs of the repairs.

The respondent refused to repair the vehicle as it was found that the gearbox oil cooler had failed and had caused the coolant water to mix with the gearbox oil. This caused the gearbox to seize and because of the oil cooler failure, the engine overheated. Upon removal of the gearbox, it was discovered that the gearbox and engine had melted together and that all the coolant pipes had been contaminated with oil. The engine, gearbox and coolant pipes needed to be replaced.

The copy of the cost estimate, supplied by the gearbox specialist, stated that the gearbox was faulty, only selecting up to third gear. It further stated that there was a "TCM internal error" and that the gearshift solenoid was stuck. The respondent also confirmed that the vehicle was driven

for approximately 655 kilometres from 22 January 2022 until the failure occurred.

## RECOMMENDATION

The MIOSA could not support the expectations of the complainant as he had continued to use the vehicle with an apparent concern which had a destructive adverse effect on the condition of the vehicle, which in this case was the engine failure.

## COMPLAINT

The complainant experienced a breakdown with his motorcycle three months after taking delivery of it. The respondent stated that the breakdown had occurred because of the manner in which the motorcycle had been ridden and did not find itself obligated to assist.

## RECOMMENDATION

An independent assessment was carried out on the motorcycle and revealed that the engine had failed as a result of previous work carried out, before the complainant had taken delivery of it. The MIOSA's recommendation was that the complainant be refunded the price paid for the motorcycle in terms of Section 56 of the CPA

## COMPLAINT

The complainant had her vehicle towed to the repairing dealer by her insurance company for non-starting related issues. After the repairs were concluded, the complainant collected her vehicle and alleges that a few days later, she discovered a dent on the roof towards the rear of the vehicle. She approached the repairing dealer to raise her concerns, which were rejected as it had been almost a month since she had taken collection of her vehicle and the work carried out was not related to the damage (dent).

## RECOMMENDATION

Taking into consideration that she had possession of the repaired vehicle for almost



a month without noticing any dents, the MIOSA advised that the complainant should have inspected her vehicle on collection after the repairs were carried out. As such, the MIOSA could not expect the repairing dealer to be liable for the dent repairs as it could not be proven when the damage had occurred.

**COMPLAINT**

The complainant had his vehicle repaired by a manufacturing dealership in the Free State province while on a business trip, noting that he resides in Gauteng province. A few months after returning home, the complainant had a concern with his vehicle and booked it in at his nearest manufacturing dealership, as the vehicle was still under the manufacturer’s warranty. The dealership declined to assist, citing that the required repairs were related to the work done by the dealership in the Free State province. The complainant wanted his vehicle repaired at his nearest manufacturer dealership.

**RECOMMENDATION**

The MIOSA reminded the manufacturer of its obligations in terms of the manufacturer’s warranty terms and conditions and pointed out that the complainant was free to choose any of its dealerships within the borders of South Africa to exercise his rights in terms of the said warranty. The vehicle was then repaired under the manufacturer’s warranty at the complainant’s preferred dealership.

**COMPLAINT**

The complainant purchased a pre-owned 2010 vehicle in 2021 and it was problematic from the start. A month later the complainant heard a noise emanating from the vehicle.

This was communicated to the respondent, who requested that the vehicle be brought in for assessment. Diagnostics were done and it was confirmed that there was indeed something wrong. The complainant was instructed to bring the vehicle back the

following week, but it broke down that same day and had to be towed.

The complainant was instructed to take the vehicle to any association approved workshop of her choice and present a quote to the respondent. The quote was received, and the complainant’s extended warranty only covered a third of the cost. After sending the quote for the repairs to the respondent, the complainant was told to put the vehicle on a flat bed and take it to her preferred mechanic. After the repairs were done, the vehicle was returned to the complainant, and it broke down a week later. The complainant claimed that it was leaking fluids, had no aircon and the gearbox was faulty as it failed to select second and third gears. There was also a lack of power. The vehicle was still at the workshop.

The respondent, in its response to the MIOSA, only confirmed that it was aware of the situation, and had supplied the complainant with a courtesy vehicle to use while the vehicle was being repaired.

**RECOMMENDATION**

In terms of Section 56 (2) of the CPA there is a six-month implied warranty after the delivery of any goods to a consumer and the consumer may return the goods to the supplier, without penalty and at the supplier’s risk and expense. It further states that the supplier must, at the direction of the consumer, either repair or replace the failed, unsafe, or defective goods. As the vehicle had previously been repaired and a new mechanical concern was discovered, the MIOSA made a recommendation that the respondent should have the transaction cancelled in terms of Section 56 (3) of the CPA.

**COMPLAINT**

The complainant purchased and took delivery of a caravan from the respondent. Within a month, during a rainy day, there was water ingress through the roof and window seal of the caravan. In a meeting with the respondent, the complainant stated

that he did not want the caravan anymore as the extent of the water damage was unknown and the wooden panels would later become an issue with regards to wood rot. After an assessment, the respondent confirmed the water ingress and offered to buy back the caravan from the complainant at a lower price than was originally paid for it. The offer was later retracted, and the respondent undertook to repair the caravan.

The complainant acted in line with the provisions set out in section 56 (2) of the CPA, as he elected to cancel the sales transaction. The caravan failed within six months of purchase and did not meet the requirements as set out in terms of section 55 (2)(b) of the CPA.

**RECOMMENDATION**

With the above in mind, the MIOSA recommended that the sales transaction be cancelled, with consideration for usage in terms of section 20 (6) of the CPA.

**COMPLAINT**

The complainant purchased a pre-owned 2006 vehicle from the respondent in 2021. The vehicle was problematic since purchase and the respondent failed to attend to the issues. It was later determined that the vehicle’s prop shaft was faulty, but the respondent said the vehicle had been sold with no duty to repair and there was no warranty on the said vehicle. It was sold with a vehicle inspection report which was duly signed by the complainant. Said report did not list the prop shaft as being faulty. The complainant obtained a report from an approved dealership which stated that the prop shaft was faulty.

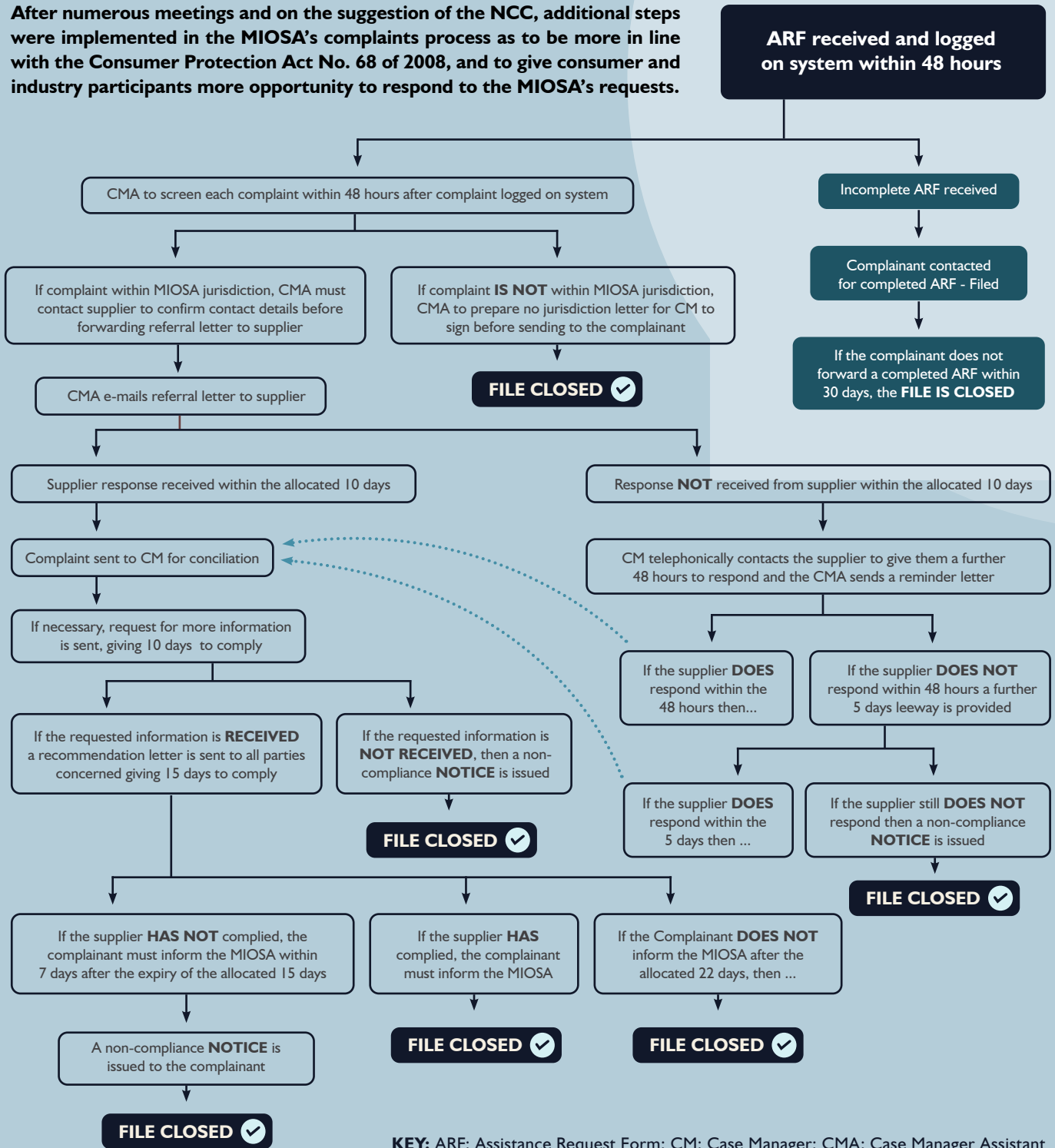
**RECOMMENDATION**

The MIOSA investigated the complaint and found that the vehicle did not comply with the standards set out in Section 55 of the CPA. The MIOSA recommended to the respondent that the vehicle should be collected and repaired accordingly, as per Sections 55 and 56 (2) of the CPA.

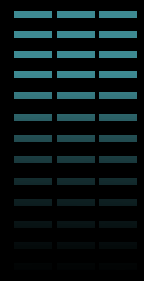


# COMPLAINTS PROCESS

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.



KEY: ARF: Assistance Request Form; CM: Case Manager; CMA: Case Manager Assistant



# THE WAY FORWARD

**In these unsure times that we are living in, it is extremely difficult to plot the way forward for the Motor Industry Ombudsman of South Africa (MIOSA).**

However, with the continued development of technology, there are already exciting developments in place for the year ahead. These developments will not only speed up the processes in the office, but also promise to deliver far speedier resolutions to the thousands of complaints received by the MIOSA.

It is easy to criticise the MIOSA for some of the complaints that did not bring about a more favourable recommendation for the consumer. However, critics have no idea of the sheer volume of complaints the MIOSA deals with on a daily basis. With this in mind, we continuously strive to streamline our processes. There are very few organisations that have the in-depth knowledge of not only the South African Automotive Industry Code of Conduct, but also the Consumer Protection Act 68 of 2008.

We are secure in the knowledge that we endeavour to try our very best for not only the consumer, but also the motor and related industries at large. The MIOSA will continue to maintain its good record of fairness within its mandate to ensure that the outcomes reached are the best possible for all parties concerned.



# LETTERS RECEIVED



Thank you very much for the assistance, highly appreciated.

**P MALATJI**



Thank you so much for taking the time to look at my case and THANK YOU for your recommendation letter. It is very much appreciated!

**L COWIE**



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

**D SNYMAN**



Thank you for your kind assistance

**T BANGANI**



I really appreciate all your efforts assisting me with my case. To all your team you are working with I really want to say keep it up. I really need people like yourselves and the rest of the team to continue doing a great job in this country of ours. I'm so grateful my challenge has been sorted out by you guys. Many thanks to all of you.

**F NKABINDE**



I would just like to state your call centre agent is an excellent worker. Very good telephone etiquette. And very well mannered. He explained to me in detail the next steps and I understood all of it. If I asked him a question, there was no hesitation in his answer because he knows his work. 10 OUT OF 10 BUDDY!

**D STEYNBERG**



I would like to thank you, MIOSA, for your help. Really appreciate it.

**F MOCHEKU**



Thank you for following up, the matter has been resolved. I am happy that this matter was solved swiftly. Thank you for making my first car issues a thing of a past. Thank you!

**S DALASILE**



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.

**I GAFFOOR**



Thank you for the speedy replies to any of my queries!! It is truly appreciated and a wonderful reassurance to know that I can ask, and you will always respond with urgency! Thank you for your time and effort!!!

**L VILJOEN**



I would like to thank the Ombudsman for everything that has been done to help me. I really appreciate and I give rate of 100 per cent, well done.

**J SIMELANE**



I acknowledge receipt of the recommendation letter and would like to thank every person who took the time to look into this case. Thank you to every person who was involved, from the call centre staff to the case manager and the case manager's assistant. I appreciate the good work which you guys are doing and that you are making a difference one case at a time. May you be blessed in abundance going forward.

**M LABUSCHAGNE**



Thanks for the assistance, we do appreciate your help.

**J VOSLOO**



# 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 thank you 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 growing from strength to strength. We trust that our services will continue to benefit all parties in 2022.





## THE MOTOR INDUSTRY OMBUDSMAN OF SOUTH AFRICA

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Association of South Africa



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