

Thursday 7 September 2017

Australian Competition & Consumer Commission  
Via the ACCC's online consultation hub

Dear ACCC,

RE: New car retailing industry draft report

I write regarding the ACCC's market study on the new car retailing industry, and the draft report released on 10 August 2017. CHOICE welcomes the release of the report, and the ACCC's recent enforcement actions taken in this space in relation to diesel emissions claims and consumer guarantees.

As CHOICE's 2016 report on consumer experiences in the new car market shows, while the consumer guarantees provide consumers with robust and flexible rights to remedies when things they purchase fail to work, enforcing these rights in relation to new cars is difficult and time-consuming.<sup>1</sup> The ACCC's draft report reached the same conclusion, noting that consumers face obstacles when enforcing their rights, particularly due to poor complaints handling systems and policies across the new car industry that fail to take consumer guarantees into account.

The draft report makes a number of recommendations directed towards resolving issues with consumer guarantee compliance, accuracy of fuel efficiency and emissions representations, and data sharing with independent repairers. CHOICE supports the recommendations put forward in the draft report in their entirety, and commends the ACCC for developing a comprehensive approach to resolving key issues in the industry that are causing substantial consumer detriment.

In addition to the recommendation that a concise and simple explanation of consumer guarantee rights under the ACL, and their interaction with warranties, be provided to consumers when they buy a new car, CHOICE recommends that such an explanation be prominently displayed in dealerships at all times. This information is useful at the point of sale, particularly when consumers are trying to determine whether an extended warranty will offer them any value. As the ACCC's

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<sup>1</sup> CHOICE, 15 March 2016, 'Turning Lemons into Lemonade: consumer experiences in the new car market'.

draft report details, complaints handling procedures in the new car industry are failing consumers, drawing them into cycles of repairs despite the existence of the consumer guarantee rights. Given the industry's demonstrated, ongoing failure to accurately and clearly convey to consumers what their rights are under the ACL and to be guided by those rights when dealing with complaints, there is a clear case to be made that this information should be prominently displayed in dealerships, including dealership repair centres, where consumers are likely to see it when they are attempting to have a problem remedied. Similar, such information should be provided over the phone when consumers call to lodge a complaint.

For further information please contact CHOICE on [sagar@choice.com.au](mailto:sagar@choice.com.au).

Yours sincerely,

Sarah Agar,  
Acting Head of Campaigns & Policy