

VICTORIA

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**MINISTRY OF CONSUMER AFFAIRS**

**Report**

**of**

**THE DIRECTOR OF CONSUMER  
AFFAIRS**

**For the year ended 30 June 1978**

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*Presented to both Houses of Parliament pursuant to the provisions of  
Section 8A of the Ministry of Consumer Affairs Act 1973*

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MELBOURNE  
F. D. ATKINSON, GOVERNMENT PRINTER  
1979

MINISTRY OF CONSUMER AFFAIRS

VICTORIA

To the Honorable J.H. Ramsay, M.P.  
Minister of Consumer Affairs,  
Victoria.

Sir,

Pursuant to Section 8A of the Ministry of Consumer  
Affairs Act 1973, I submit the Annual Report of the  
Director of Consumer Affairs for the year ending  
30th June 1978.

Yours faithfully,

C. N. GESCHKE

Director of Consumer Affairs

Melbourne.

May 1979

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## INTRODUCTION

- 1.1 This is the fourth Annual Report of the Director of Consumer Affairs.
- 1.2 During the year the administration of the Building Contracts (Deposits) Act 1962 was transferred to the Ministry.

The Ministry of Consumer Affairs is now responsible for the following Acts :-

- |           |                                        |
|-----------|----------------------------------------|
| Act 8442. | Ministry of Consumer Affairs Act 1973  |
| Act 8276. | Consumer Affairs Act 1972              |
| Act 8486. | Small Claims Tribunals Act 1973        |
| Act 8408. | Motor Car Traders Act 1973             |
| Act 6815. | Disposal of Uncollected Goods Act 1961 |
| Act 6973. | Building Contracts (Deposits) Act 1962 |

## AMENDMENTS TO LEGISLATION.

### Consumer Affairs Act 1972.

- 2.1.1 The principal Act was amended by the Consumer Affairs (Amendment) Act 1977 which was proclaimed to operate from 1st December 1977.
- 2.1.2 The amendments -
- (a) Gave legislative recognition to the role of the Consumer Affairs Bureau in having responsibility to negotiate a settlement in disputes between consumers and traders.

Although this function has been one of the most important roles of the Bureau and an essential mechanism in resolving disputes, it was not previously specified in the Act.

- (b) Extended the false and misleading advertising provisions of the Act to facilitate the prosecution of persons advertising in interstate publications.

Previously the Act required the advertisement to be printed and published in Victoria.

- (c) Effectively extended the coverage of the door to door sales provision to cover cases where the original approach leading to the sales agreement was made at a "bona fide public fair or show" and a follow-up approach was made at the home of the consumer.

- 2.1.3 As well as the above amendments to the Consumer Affairs Act 1972, two new regulations under the provisions of this Act were promulgated.

- 2.1.4 Consumer Affairs (Children's Night Clothes) Regulations 1977.

These regulations were a re-enactment of the previous regulations on children's night clothes and relate to new Standards issued by the Standards Association of Australia.

- 2.1.5 In line with previous regulations in this area the new regulations require that all children's night clothes sold in Victoria must be labelled as to flammability. The regulations also ban the use of certain fabrics in children's night clothes. Molleton and chenille fall into this category.

- 2.1.6 The regulations came into operation on 1st January 1978, but until 1st July 1978 did not apply to any garments manufactured in or imported into Victoria before 1st January 1978.

- 2.1.7 Consumer Affairs (Product Safety) (Protective Helmets For Motor Cyclists) Regulations 1978.

These regulations require that protective helmets for motor cyclists must comply with the relevant Australian Standards issued by the Standards Association of Australia and must be marked accordingly.

Motor Car Traders Act 1973.

- 2.2.1 The Motor Car Traders Act was amended during the year by the Motor Car Traders (Amendment) Act 1978 No.9157 dated 30th May 1978. These amendments became operative on 1st July 1978.
- 2.2.2 Whilst the majority of amendments related to the licensing provisions, there were some amendments which affected the rights of consumers.
- 2.2.3 Amendments affecting consumers' rights were made to Section 41 of the Motor Car Traders Act 1973 by increasing the minimum price of second-hand motor cars to which warranty provisions apply from more than \$500 to more than \$1,000.
- 2.2.4 Warranty provisions of the Motor Car Traders Act in respect to second-hand motor cars are now as follows :-
- (a) With a cash price of \$1,000 or less, a motor car trader must attach to the vehicle a prescribed notice stating -
 

"This motor car is offered for sale at a price of \$1,000 or less and is not subject to the statutory warranty provision of the Motor Car Traders Act 1973. The trader is under no obligation to repair or make good any defects after delivery. However he may have obligations under other legislation."
  - (b) With a cash price exceeding \$1,000 but less than \$2,000, the warranty entitlement is two (2) months or 3000 kms. (whichever occurs first).
  - (c) With a cash price of \$2,000 or more, the warranty entitlement is three (3) months or 5,000 kms. (whichever occurs first).

EFFECTIVENESS OF THE MINISTRY OF CONSUMER AFFAIRS

- 3.1 In the five years since the Ministry has been created there has been considerable progress in meeting the objectives set by Parliament in passing the Ministry of Consumer Affairs Act and associated Acts.

- 3.2 The delay of 15 months which existed in 1974 before the investigation of some complaints commenced has been reduced to 4 weeks, the ability to give proper advice to consumers has improved, and the services of the Ministry now extend to most large cities and towns on a regular, though limited, basis.
- 3.3 Four years ago there was considerable criticism from trader organisations that the Ministry was too subjective and listened only to the consumer. Considerable efforts have been made to overcome this prejudice. It is probably fair to say that these efforts have been justified and the Ministry's operation is now seen as being even handed, and the title "Consumer Affairs" reflects the situation rather than one of "Consumer Protection".
- 3.4 In consumer education again there has been considerable progress made, and although some problems do exist in establishing adequate contact with ethnic and lower socio economic groups, the educational aspect of the Ministry's function is considered satisfactory. Further comments on consumer education are in Section 7 of this part of the Report.
- 3.5 For the first time, the number of complaints lodged with the Consumer Affairs Bureau was less than for a previous year, and the rate of increase in claims lodged with the Small Claims Tribunals has decreased. The policy mentioned in last year's Annual Report of -
- "(a) ensuring that the consumer approaches the trader first;
  - (b) giving the consumer the name of a person in an organisation to contact who has responsibility for handling consumer complaints;
  - (c) ringing the trader, during an interview, to try and sort out the problem; "

has helped to stabilise the complaint levels. In addition, periodical reviews of complaints with management occur when complaint trends are established or complaint levels rise. Implementation of the above policy is however not achieved without cost in terms of time handling enquiries and interviewing aggrieved consumers. Notwithstanding this, the number of complaints in progress (i.e. under investigation) has risen, reflecting that at current staff levels, current commitments cannot be adequately met.

- 3.6 In attempting to keep complaint investigation under control and so avoid backlogs getting out of hand, most complaints have to be handled without any depth of investigation. There are often aspects which should be pursued following resolution of a complaint, but the capacity of the Bureau does not allow this. Many follow-up investigations have perforce to be dropped because of the pressure of new complaints being received. The comments in the last Report of the increasing complexity of complaints still apply.
- 3.7 In terms then of proper complaint handling and investigation, despite the enthusiasm and perseverance of the investigating staff, this function of the Ministry is not being adequately performed. As a result, many unethical or dishonest traders are continuing in business because staff capacity is not sufficient to carry out adequate detailed investigations, establish complaint trends and take effective action.
- 3.8 The legislation enforcement function is discussed in Section 11 of this part of the Report. Although there has been some improvement, staff in this section are unable to cope with the workload, and in terms of the Ministry effectiveness in meeting this role, the position is unsatisfactory.
- 3.9 The reasons leading to the introduction of staff ceilings are acknowledged; however, such restrictions operate to greater disadvantage in respect of new agencies. With the older departments, the establishments have been built up over the years to meet the responsibilities in terms of role and the level of demand. The Ministry of Consumer Affairs, perhaps the most recent, has not yet reached the stage where its role or the demands on it are stabilised. There is no establishment provision for product safety or information standard matters - yet the commitments in this area have grown from insignificance some three years ago to one of major importance today. Trader relations activities have similarly increased, but again without provision for staff.
- 3.10 With limitations on staff, such increased commitments can only be met at the expense of other activities.
- 3.11 The problems referred to in the previous Report in the section "Organisation" are as yet unresolved.

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POLICIES AND PHILOSOPHY.

- 4.1 The success of the Ministry of Consumer Affairs depends to a large degree on its credibility with the persons and organisations with which it deals. Its attitude must be even handed and its staff accessible.
- 4.2 Inaccurate representation, bias, or off-handed attitudes will quickly destroy its image. There has then been, and still is, a considerable effort made to publicise the policy of the Ministry in all talks to various groups and discussions over radio, television or in reports to the media. Notwithstanding this, there are traders and consumers who misunderstand the role of the Ministry and its objectives. The objects of the Ministry are defined in the Ministry of Consumer Affairs Act. The philosophy in interpreting these objects involves -
- (a) promotion of a fair market;
  - (b) the improvement of consumer/trader relations;
  - (c) the encouragement by education of consumer awareness and consumer responsibility;
  - (d) the investigation and settling of disputes in a fair manner;
  - (e) the investigation of practices which prejudice a fair market, and the enforcement of the consumer affairs legislation in the Acts administered by the Ministry;
  - (f) the development and maintenance of a Ministry attitude which earns the respect of all parties.
- 4.3 The objectives are pursued through the four sections of the Ministry -
- Consumer Affairs Bureau
  - Consumer Affairs Council
  - Small Claims Tribunal
  - Motor Car Traders Committee
- 4.4 Each section has defined responsibilities, although a consumer may, in some circumstances, have the choice of which particular section he may approach

for the resolution of a complaint.

- 4.5 The Small Claims Tribunals are not an extension of the Consumer Affairs Bureau. A consumer may still lodge a claim with the Tribunal if not satisfied with the actions of the Bureau. This has caused some traders to believe there are double standards operating and inspectors are referring consumers to the Small Claims Tribunals even when they agree with the trader that a complaint is either not justified or the settlement offered by the trader is reasonable.
- 4.6 There is no legislative provision to prevent a consumer lodging a claim with the Tribunals; similarly, a consumer can lodge a complaint with not only each of the three Victorian Ministry sections, but also with the Regional Office of the Trade Practices Commission. Usually administrative liaison picks up this multiple complaint lodgement, but occasionally it does not. In the main, inspectors advise consumers which section of the Ministry is best able to deal with a particular complaint.
- 4.7 Quite often the role of advising consumers is misunderstood. The Bureau staff are not in a position to advise a consumer which make of a product to buy. This is the consumer's choice and responsibility to ascertain which product meets their individual requirements, which manufacturer offers the better service or warranty, and from which trader the product is to be purchased. The Ministry cannot, and should not, be placed in the position of recommending a particular manufacturer's product. Conversely, it should not advise persons not to buy a particular product. With the best of goodwill and integrity, this could only be seen to be interfering in the market place. Where, however, a product is defective or there is a safety hazard involved, there is a responsibility to warn consumers of the risk. To comply with both these policies requires a fine and timely judgement.
- 4.8 Similarly, enquiry officers are questioned about the reliability of a particular trader, asking how many complaints the Bureau has recorded. It is not the role of the Bureau to provide this information. The number of complaints is not necessarily a guide to the reliability of a trader. Complaints are in some ways related to turnover. How a complaint is resolved is a more accurate guide to the satisfaction a consumer is likely to receive if a product or service is faulty. But even then with some traders it has been found that consumers receive little consideration



unless a complaint is lodged with the Ministry, some traders believing that it is good policy to settle these to keep their track record clear, and as those referred to the Ministry are just a small per cent of total complaints, rectification of these is a tolerable cost while getting away with the others.

- 4.9 The Ministry policy is not to supply this information, but to suggest to the consumer that they make their own enquiries as to the reputation of the trader, and contact others who have received service. If a trader is unable or unwilling to advise of other consumers for whom work has been done, the consumer can draw some conclusions.
- 4.10 An exception is sometimes made where a trader has been named in the previous Annual Report. In this case, the trader's practice has been such that it is considered warranted to warn consumers. However, there are many instances where after the publicity in the Annual Report traders have changed their practices and further complaints are minimal or do not arise. The referral to past Annual Reports in these circumstances can be misleading and could be considered to be quite unfair.
- 4.11 In an attempt to be fair-handed, the staff of the Ministry must be objective and careful not to prejudice a trader's business without good reason. What is good reason is a matter of judgement, and when all the facts are not known, a virtually impossible task. For this reason, the question of reliability of traders cannot generally be answered, and as with questions on products the staff accept the abuse of "what is the Bureau there for ?"

#### COMPLAINT STATISTICS.

- 5.1 The trend in the number of complaints received by the Ministry (the Consumer Affairs Bureau until 30th June 1974) is :-

	<u>CAB</u>	<u>SCT</u>	<u>MCTC</u>	<u>Total</u>
To 30th June 1971/72	2359			
1973	3718			
1974	5832			
1975	8295	998		9293
1976	8922	1630		10552
1977	10031	2318	788*	13137
1978	9941	2975	895	13811

\* For the year 1977.

- 5.2 On 1st July 1977 a new system for recording, classifying and analysing complaints was introduced. This is a National Consumer Complaints System and is used by all State Bureaux, Australian Capital Territory, Northern Territory and the Commonwealth Trade Practices Commission. The system is computerized and uses the Commonwealth Department of Business and Consumer Affairs computer facilities.
- 5.3 It is hoped that once initial problems are overcome the use of a computer based system will allow far greater flexibility in the analysis of consumer complaints. Also, since the system is a national system, it allows direct comparison of complaint statistics on a national basis. In the past, due to differing classification systems, such comparisons were not possible.
- 5.4 One short term disadvantage with the introduction of this new system is that it is not possible to make direct comparisons with statistics in previous reports.
- 5.5 The system is basically a two tiered classification with products/services (see Appendix C, Table 1) and practices (see Appendix C Table 2). Each complaint is classified into one product/service and upto two practices. For this reason the total number of practices - 12218 - exceeds the total number of products - 9941. The number of products/services is equal to the actual number of complaints received by the Bureau.
- 5.6 The Small Claims Tribunals also uses this system (see Appendix E Tables 1 and 2). Consequently it is now possible to make direct comparisons between complaints received by the Bureau and claims determined by the Small Claims Tribunals.

5.7 The table below gives a comparison of major complaint product/service classifications between the Bureau and Tribunals.

	<u>C. A. B.</u>		<u>S. C. T.</u>	
	<u>Number</u>	<u>% Total Complaints</u>	<u>Number</u>	<u>% Total Claims Determined</u>
Food & Beverages	169	1.70	3	.11
Clothing, Footwear & Drapery	660	6.64	215	7.97
Consumer durables	1920	19.31	563	20.86
Motor Vehicles & Other Transport Equipment	3000	30.18	834	30.90
Building & Construction	1236	12.43	573	21.23
Miscellaneous Products	885	8.90	155	5.74
Transport & Energy Services	211	2.12	31	1.15
Insurance & Finance	615	6.18	14	.52
Real Estate & Accommodation	326	3.28	25	.93
Miscellaneous Services	<u>919</u>	<u>9.24</u>	<u>286</u>	<u>10.60</u>
	<u>9941</u>	<u>100.00</u>	<u>2699</u>	<u>100.00</u>

5.8 Not surprisingly, in most areas the figures are comparable. The only significant differences are Building and Construction, Insurance and Finance, and Real Estate and Accommodation.

5.9 Building And Construction - The major difference in this category is in extensions and renovations. In the Bureau, 729 (7.33 %) complaints related to this area, whereas the Tribunals determined 397 claims which accounted for 14.71 % of all claims determined.

5.10 Insurance And Finance - The Tribunals determined very few claims relating to insurance and finance in the year under review.

- 5.11 Real Estate And Accommodation - The major reason for the difference in this category was the Tribunals' limited jurisdiction in real estate, including tenancy matters.
- 5.12 In the classification of practices, it is not surprising to note that faulty products/services was by far the greatest area of dispute - 46.51 % in the Bureau and 77.45 % in the Tribunal. It can be said that such complaints will always arise since a consumer often cannot protect himself against such complaints.
- 5.13 On the other hand, 7.61 % of all complaints received by the Bureau related to prices and 18.37 % involved contractual disputes. This indicates to the Ministry that consumers are not exercising enough care in many purchases. This reinforces the Ministry's advice that consumers must shop around and must read, and understand, all agreements they are asked to sign. The Small Claims Tribunals Practices Analysis (see Appendix E, Table 2) supports this view.

#### SMALL CLAIMS TRIBUNALS

- 6.1 During the financial year, the Small Claims Tribunals received 2975 claims, an increase of 657 or 28.34 % over the previous financial year. In the previous year the increase was 688, or 42.21 % over those of 1975/76.
- 6.2 Perusal of Appendix E, Table 1, listing the classification of claims determined in the year to the 30th June 1978 shows that complaints relating to motor vehicles are still the largest complaint category - 30.90 % of all claims determined. This is followed by building and construction 21.23 %, and consumer durables 20.86 %.
- 6.3 It is not possible to compare these figures with previous years due to a significant change in the system of classification introduced on 1st July 1977. The introduction of the National Consumer Complaints System is discussed in Section 5 of this part of the Report.
- 6.4 Of the claims which were heard during the financial year, 662 (24.53 %) were decided in favour of the

claimant with a further 372 (13.78 %) being settled between the parties before the Referee. In claims where the respondent failed to appear, 358 (13.26 %) were decided in favour of the claimant and 6 (0.22 %) were settled.

6.5 A better picture of the statistics of the Small Claims Tribunals is obtained by excluding from the total number of claims resolved those withdrawn prior to the hearing (612), those withdrawn after the hearing had commenced (58), and those adjourned sine die (151), which would leave a total of claims in which final decisions were made of 1878.

6.6 The following table is based on this figure of 1878 decided matters.

<u>Description</u>	<u>No. of Claims</u>	<u>Percentage Of Claims</u>
Full or part <sup>*</sup> monetary or rectification or combination order in favour of the Claimant (defended claims only)	662	35.25
Orders (full or part) in favour of Claimant made in absence of Respondent	364	19.38
Orders (full or part) in favour of Claimant made in the absence of Claimant	11	0.59
Orders (full or part) in favour of Claimant made where more than one party was absent	<u>35</u>	<u>1.86</u>
	1072	57.08
<u>Claims Dismissed -</u>		
Defended claims	269	14.33
Claimant absent	44	2.34
Claims struck out for want of jurisdiction (all claims)	<u>121</u>	<u>6.44</u>
	434	23.11
Settlement before the Referees (defended claims only)	<u>372</u>	<u>19.81</u>
Total -	<u>1878</u>	<u>100.00</u>

\* A part order is where the consumer does not receive the full amount sought in the claim.

6.7

There were 834 claims with respect to motor vehicles and other transport equipment which constituted 30.90 % of all claims. Of the motor vehicle claims, 323 (38.72 % of all motor vehicle claims) related to used motor vehicles and 343 (41.13 %) related to automotive repairs and servicing. Using the basis of decided claims, (i.e. excluding all claims withdrawn prior to or at the hearing and those adjourned sine die) the following table has been prepared setting out details of comparisons with the overall statistics of the Tribunal.

	All Determined Claims	Determined Used Motor Vehicle Claims	Determined Automotive Repairs & Servicing Claims	All Other Determined Motor Vehicle & Other Transport Equipment Claims
Full or part monetary or rectification or combi- nation order in favour of the consumer	1072 (57.08 %)	115 (50.66 %)	139 (52.85 %)	70 (56 %)
Full or part settlement before the Referee	372 (19.81 %)	57 (25.11 %)	51 (19.39 %)	25 (20 %)
Dismissals	313 (16.67 %)	46 (20.26 %)	55 (20.92 %)	25 (20 %)
Struck out for want of jurisdiction	121 (6.44 %)	9 (3.97 %)	18 (6.84 %)	5 (4 %)
Total	1878 (100 %)	227 (100 %)	263 (100 %)	125 (100 %)

6.8

It is interesting to note from the above table that although motor vehicle and other transport claims represent 30.90 % of all claims in the two largest categories set out in the table (used motor vehicle and automotive repairs and servicing), the number of orders made in favour of consumers is lower than the figure for all claims (with dismissals consequently

higher) and that settlements before the Referees in the category of 'used motor vehicles' are higher than the figure for all claims.

6.9 During the financial year, the Tribunal visited the following country and suburban centres :-

<u>Centre</u>		<u>No. of Sittings</u>
Ararat	-	1
Ballarat	-	3
Benalla	-	1
Bendigo	-	3
Dandenong	-	20
Geelong	-	10
Mildura	-	1
Morwell	-	8
Seymour	-	1
Shepparton	-	3
Swan Hill	-	1
Warrnambool	-	1
Wodonga	-	1

#### CONSUMER EDUCATION

7.1 During the year the Ministry continued with its consumer education programmes, seeking every opportunity to reach the ethnic and disadvantaged or underprivileged groups, being the classes of consumers which appear to have the least knowledge of consumer affairs, and to be least able to pursue their rights against unethical traders, or receive redress on faulty products.

7.2 It is recognised that the schools are the most effective means of raising the level of consumer knowledge in a community, and priority is given to meeting requests from schools for consumer literature and speakers. Once persons leave school the task of effectively reaching them becomes enormous, and there is no economic way of ensuring that the work of the Ministry or the advice of the Ministry is available to them. As is the situation in most consumer affairs agencies, the policy is to allocate resources to all forms of communication in the belief that this will achieve a reasonable coverage.

7.3 In connection with the schools' programmes, the Ministry works closely with the Victorian Commercial Teachers Association and, more recently, the Education Department.

7.4 Accepting that all media should be used, the Ministry has been involved in a number of programmes.

7.5 Press Releases

Where it is essential to warn consumers of hazards or unethical practices, press releases have been issued. Fortunately these are often followed up by other media, and consumers generally become aware of the warnings issued.

7.6 Posters

During the year, a poster was placed in Melbourne trams and this was reproduced in seven languages and distributed to municipal councils, schools, citizen advice bureaux, and a number of traders who have been willing to exhibit them.

7.7 Radio Advertisements

Twelve 60 second radio commercials were produced covering a number of topics. The Ministry is grateful for the co-operation of metropolitan and country stations for broadcasting these tapes which seem to have reached a wide-spread audience. These advertisements have now been withdrawn and a further set will be produced.

7.8 Radio Programmes

From February 1978, the Elizabeth Bond programmes on the ABC featured a consumer affairs segment every Monday morning. This programme consisted of discussion



on consumer affairs topics, interspersed with talk-back sessions where consumer enquiries and complaints were answered. One particularly pleasing aspect of this series was the response from traders and experts who would ring the Ministry and offer advice on particular matters raised by listeners. This was particularly helpful in providing information, often not readily available to the Ministry, and in guiding inspectors on particular facets of an enquiry.

7.9 The Ministry also participated in some discussion or talk-back programmes on other radio stations.

7.10 Press

The most regular Ministry participation has been in the "Consumer Watch" series in the Herald. These articles have done much to alert consumers to problems they are likely to meet. Various articles were also produced for regional newspapers, ethnic press and trade journals.

7.11 Pamphlets

Four new pamphlets have been produced -

- \* Household Removals
- \* Funerals
- \* Carpets For The Home
- \* House Renovations

7.12 The demand for these pamphlets increased, and it is believed they meet a basic requirement for persons about to buy a number of products or use various services.

7.13 Films

The film produced for the Victorian Ministry has been shown on city and suburban cinemas, and is now being used interstate. It is an animated film modelled on the 1976 Annual Report and covering the broad topics - shopping around, purchasing on credit, signing contracts, filled land, and some assorted rip-offs.

7.14 This film, and others held by the Ministry, (see 1977 Report) have been used extensively by officers in their addresses to various groups. The films have also been loaned to interstate agencies for

special seminars or events.

- 7.15 The Ministry is negotiating with the Victorian Film Corporation to make a further film on consumer affairs topics.

7.16 Addresses And Lectures

Again this year every opportunity has been taken to address groups representing a wide cross section of the community. During the year 1977/78, officers accepted 134 speaking engagements for the following groups:-

Trade and Professional Groups	28
Schools, Universities, Colleges	43
Citizen Advice Bureaux	4
Migrant and Welfare Groups	4
Community Groups, Service Clubs, Church Associations, Parent Groups	<u>55</u>
	134

7.17 Mobile Unit

The work of the Mobile Unit is discussed in the following section. During the visits to country areas, officers of the Ministry operating this unit carried out the following consumer information programmes :-

Interviews with Newspapers,  
Radio,  
Television;

Talks to trade groups;

Talks to schools, consumer groups, and  
Citizen Advice Bureaux.

7.18 Library

The Ministry's library facilities have continued to expand during 1977/78 and has proved to be a valuable aid to both officers of the Ministry and also students.

- 7.19 A large number of the periodicals received by the

Ministry have been cross-referenced, and the Data Bank System has been considerably streamlined.

## COUNTRY SERVICES

### Regional Offices

- 8.1 In August 1975 the Ministry established offices in Geelong, Ballarat and Bendigo, and more recently at Moe and Traralgon. These offices are visited on a monthly basis by an inspector of the Bureau. In the twelve months to the 30th June 1978, inspectors attending the regional offices interviewed 463 consumers and traders and received 171 complaints.

### Mobile Unit

- 8.2 In October 1977 the Ministry took delivery of a Mobile Unit to supplement the work of these offices and it commenced operation with a visit to Kerang on the 20th October 1977. Since that date the unit has visited most country centres and towns on a regular basis.



- 8.3 Staff of the unit provide advice to consumers and traders, handle complaints and liaise with local chambers of commerce, newspapers, radio and television stations.
- 8.4 In the period 20th October 1977 to 30th June 1978, the Mobile Unit visited 69 country centres. During these visits 924 consumers and traders were interviewed and 94 complaints lodged. In addition, officers spoke on radio and television, and had interviews with the press on a total of 52 instances. This was complemented by 154 addresses to schools, service and community organisations, and trader groups.
- 8.5 The facilities provided by the regional offices and the Mobile Unit have proved most successful in giving an opportunity for consumers and traders to personally

discuss problems with Ministry staff, and it is hoped will create a reputation of fairness by the manner in which the Ministry of Consumer Affairs operates.

- 8.6 The success of the Mobile Unit is also due to the excellent co-operation given by Council and Shire staff and community groups in the planning of the visits and the sites allocated to the vehicle. This assistance is really appreciated.
- 8.7 A metropolitan consumer can contact the Ministry for the cost of a local phone call, or alternatively visit the offices in Spring Street, at very little inconvenience. Consumers and traders in country areas are denied this facility. It is important then that the country services provided by the Ministry are regular and at reasonable intervals. The one Mobile Unit is unable to provide this service as, even though fully utilised, some large towns can be visited only once every four months. There is a requirement then for a second Mobile Unit.
- 8.8 The Mobile Unit has also been used on a few occasions at regional shopping centres. This again proved a most worthwhile exercise.

### CONSUMER PRODUCT SAFETY AND INFORMATION STANDARDS

- 9.1 Perhaps the most expanding area of involvement of the Ministry is in the field of Product Safety and Product Information Standards.
- 9.2 There are many reasons for this. The publicity given to consumer affairs agencies by the media has given consumers a place to complain about unsatisfactory products. Incidents in one State are now taken up by media in other States, thus alerting more people to the possibility of unsafe products or lack of adequate information on which to base a product or service choice. The investigation and recommendations of the Commonwealth/State Consumer Products Advisory Committee, of which the Ministry is a member, have resulted in a number of products being banned, and others having to carry warning information if sold. The publicity given to this action - gazetted as regulations on product safety and information standards under the provisions

of the Trade Practices Act - have resulted in consumer awareness and increased requests for suspected products to be investigated.

9.3 In the  $3\frac{1}{2}$  years, since the Ministry was formed in June 1974 to 30th December 1977, there were 34 reports suggesting products should be investigated as to their safety. In the twelve months to 30th December 1978, (six months beyond this Report period) there were a further 58. Investigations have resulted in a number being banned, others voluntarily withdrawn, and some being modified. A number of the reports have not been justified, and in a few cases it has been agreed that a suitable warning label would meet the objections made.

9.4 In some cases the Ministry was asked to ban products which were not hazardous from an injury or toxic aspect but which consumers felt posed a psychological risk, and were therefore socially undesirable. This category applied in the main to toys, or in one case, a book which gave instructions on how to conduct magic and hold seances.

9.5 The Ministry does not see itself as a censor of what is good or bad for children. This it believes is rightly a matter of parents' judgement and responsibility.

9.6 The Ministry is concerned with products which are unsafe because of design or manufacture, or where there are hazards which would not be recognised by the average parent, such as the use of toxic materials.

#### Victorian Consumer Product Safety Committee

9.7 In October 1977 the Minister of Consumer Affairs established a Consumer Product Safety Committee to consider and report on such matters as are referred to it by the Minister. Although few matters have been formally referred to the Committee, as most have been resolved by administrative action, the Committee is regularly circulated with details of product safety complaints made to the Ministry.

#### Product Information Standards

9.8 A product information standard is one where safety is not involved, but it is considered information should be available to the consumer. One such standard developed relates to care labelling of garments. At the time of writing this, a standard has been finalised

and will become mandatory in Victoria.

### Standard Contracts

- 9.9 During the year, the Standard for Swimming Pool Construction Contracts was finalised and is now being used by most swimming pool constructors.
- 9.10 Another standard contract under development relates to Motor Car Sales. Standards are also being developed for the provision of Point of Sale Information for Household and Personal Appliances and the Provision of Guarantees.

## RESEARCH

### Metropolitan Area

- 10.1.1 The number of differing definitions of the metropolitan area were commented upon in last year's Report.
- 10.1.2 The investigation of this matter continued during the year and towards the end of the period 1977/78, a draft guideline for manufacturers/retailers was prepared.
- 10.1.3 The guideline, which was based on ELSA, (Telecom's Extended Local Subscriber Area) was sent to a number of manufacturers, retailers, Chamber of Manufacturers, Chamber of Commerce and Retail Traders Association for comments.
- 10.1.4 The replies indicated that most firms now make a nominal charge for delivery, and the area covered in the main exceeds the metropolitan area, or the ELSA area as provided in the guideline.
- 10.1.5 In terms of free warranty service, again most firms exceeded the ELSA area.
- 10.1.6 As a result, the Ministry has withdrawn the draft guideline for further consideration since it was felt that the area covered was too restrictive. It would not be in the interests of consumers if the Ministry guideline meant that traders restricted their services to only the defined area when at the moment they go beyond it.

Lay-By Sales

- 10.2.1 There is no legislation in this State covering lay-by sales, and as a result, the Victorian Consumer Affairs Council undertook an extensive investigation of lay-by sales systems.
- 10.2.2 At the conclusion of this investigation, the Council recommended that the Ministry prepare a set of guidelines for lay-by sales.
- 10.2.3 The first set of guidelines were based on the New South Wales Lay-By Sales Act. The guidelines were circulated to a number of trade organisations, consumer and community groups, and so on.
- 10.2.4 There was considerable objection to these guidelines as many retail stores were of the opinion that the guidelines were too stringent, and if adopted could lead to the demise of lay-by sales in this State.
- 10.2.5 At the time of writing, the whole matter has been reconsidered and a new set of guidelines have been prepared and issued.

Code of Ethics For Motor Vehicle And Domestic Appliance Repairers

- 10.3.1 The continued high load of consumer complaints being generated by the motor vehicle and domestic appliance repair industries has been a concern to all consumer agencies throughout Australia.
- 10.3.2 As a result, an interstate working party was formed with officers from Victoria, Australian Capital Territory and New South Wales consumer affairs agencies to investigate the need for a mandatory code of practice for motor vehicle and domestic appliance repairers.
- 10.3.3 The working party has now prepared a draft mandatory code of practice for consideration at a meeting of officers of consumer affairs.

Monopoly Position of Newsagents

- 10.4.1 Representations were made to the Ministry of Consumer Affairs concerning the possible monopoly position of local newsagents.



- 10.4.2 An investigation of these allegations was commenced and it was ascertained that each authorised newsagent has a clearly defined area or "block". The area is determined by newspaper proprietors through a "Newspaper Transfer Committee or Board" and newsagents enter into an agreement which defines, amongst other things, this particular area.
- 10.4.3 During the course of this investigation it was found that the Commonwealth Trade Practices Commission was also considering this matter.
- 10.4.4 In view of the Commission's involvement, it was decided that this matter be deferred pending the outcome of the Commission's investigation. At the time of writing, the Commission has issued a draft determination.

#### Premature Failure of Hot Water Systems

- 10.5.1 The investigation of this matter continued during the year under review, and at the time of writing, is nearing completion.
- 10.5.2 The causes of failure of hot water systems are varied and very complex. One possible cause is the nature of local water supplies. The Ministry's investigation has concentrated on this variable and it was hoped that a map showing aggressive water could be produced to aid consumers in their choice of hot water systems.
- 10.5.3 Unfortunately, the Ministry has been advised by the State Rivers and Water Supply Commission of Victoria that such a proposal is not feasible.
- 10.5.4 The State Electricity Commission has advised the Ministry that they have for a number of years tested any water samples provided to it by potential consumers. This service, which is provided free of charge, is aimed at ensuring that water heaters give an optimum performance for the water available. Persons wishing to avail themselves of this service can enquire at any of the Commission's regional or district offices throughout the State.
- 10.5.5 Although the Gas and Fuel Corporation does not provide a similar service, the Corporation has advised the Ministry that their retailers are generally well aware of the nature of the water supply in a particular area and can therefore provide appropriate advice to potential

consumers.

- 10.5.6 It is recommended that any person outside the metropolitan area considering the purchase of a hot water system should check the nature of the local water supply through the SEC, Gas and Fuel Corporation or local building inspector.

#### Introduction Agencies

- 10.6.1 During the year under review the Consumer Affairs Council conducted an extensive investigation into the operations of introduction agencies - sometimes referred to as "lonely hearts clubs".
- 10.6.2 Full details of this investigation are contained in the Council's Report for the year ended 30th June 1978.

- 10.6.3 One of the recommendations Council made in its Report to the Minister was that -

".... the Ministry should develop an appropriate code of ethics to be observed by firms engaged in this industry, having regard to the findings and views expressed by the Council in its Report."

- 10.6.4 At the time of writing, the code of ethics have been prepared and issued, and comments from the industry are being considered.

#### When Do Children Become Adults

- 10.7.1 The Council in its Report for the year ended 30th June 1978 also outlined an investigation into the differing definitions of an adult, especially in relation to when children are charged full adult admittance fees.
- 10.7.2 This investigation revealed a wide variation in ages at which children were charged full adult charge.
- 10.7.3 At the time of writing this Report the Ministry has been advised by the Cinematograph Exhibitors' Association that an executive committee of the Association has recommended that exhibitors adopt a uniform policy that "Children under age 16 be admitted at children's concession prices".

ALLEGED BREACHES/PROSECUTIONS

- 11.1 As at the 1st July 1977 there were 110 alleged breaches under investigation, and during the year to 30th June 1978, a further 171 alleged breaches were formally reported to the Ministry. Again in this year, because of pressure of other work, no spot investigations were made by inspectors, nor was it possible to monitor advertising except on a casual random basis.
- 11.2 It is undesirable that an inspector who is investigating a dispute between a trader and a consumer should also investigate alleged breaches of the Ministry Acts by that trader. As it is the role of the inspector to try and negotiate a settlement, where such is warranted, there is the danger of "trade offs", and there is the suggestion that the decision whether a prosecution will be launched or not may be influenced by the way a trader resolves a consumer's complaint. This inference is intimidatory to the trader, and with the best of will or integrity, objectivity and fairness can be lost. Fairness in complaint settlement means fairness to both parties. It does not mean a consumer getting a better resolution because of an implied threat to a trader during the investigation of a breach of the Act, often on a totally unrelated matter.
- 11.3 During the year then, a separate section of the Ministry was established to investigate alleged breaches of the Act. Officers for this were transferred from the complaint investigation section. Unfortunately, commitments of the Bureau have meant that officers in this alleged breaches section have to regularly undertake other duties from time to time, and their effectiveness in pursuing alleged breaches is substantially reduced.
- 11.4 The investigation of breaches requires experience and skill to ascertain the facts which are relevant and to dismiss avenues of investigation which are not germane to the breach.
- 11.5 For prosecutions to be effective, the investigating officers need a great deal of preliminary advice. This has not always been readily available due to the lack of sufficient legal staff to meet all current commitments. As a consequence many interviews by investigating officers have had to be reconducted and different lines of inquiry pursued.

- 11.6 The establishment of a permanent alleged breaches section will gradually overcome the deficiencies of experience and skill, but unless there is sufficient legal advice and guidance, the section will remain only partially effective.
- 11.7 The monitoring of advertising and the spot checking that regulations are being observed is an essential part of ensuring that the market place is fair. Inadequate labels, misleading and bait advertising, and unapproved products on sale, lead to consumers being deceived as to the quality of products or the conditions of sale. A significant number of complaints arise from this source. It is desirable then that sufficient staff are available to carry out spot checks.
- 11.8 A system of monitoring of advertising was proposed during the year and at the time of writing, radio, television and press advertisements are being monitored on a regular basis. However, notwithstanding this, there is little doubt that the majority of breaches of the Ministry Acts are undetected, or if detected by consumers, are not advised to the Ministry because of a reluctance to admit that they have been misled or cheated, many consumers manifesting the "put it down to experience" syndrome. This attitude, however, does little to help subsequent consumers who are equally caught.
- 11.9 In many of its investigations, the Ministry relies on the evidence provided by consumers, and a successful prosecution on a consumer's willingness to appear as a witness in court proceedings. A number of investigations have been hampered and prosecutions not pursued because of reluctance of consumers to co-operate
- 11.10 During the year, 202 alleged breaches were finalised as follows :-

Prosecuted successfully	16
Prosecuted unsuccessfully	2
Case adjourned	2
Offence established - Decision not to prosecute (Warnings issued in 26 cases)	45
No apparent breach, allegations unjustified	55
Investigation inconclusive, evidence inadequate	54
Trader insolvent, liquidation or disappeared	12
Elapse of time prevented prosecution	13
Section 64 action resolved by reply	<u>3</u>
	<u>202</u>

## 11.11 Analysis of Prosecutions -

Number of Informations

<u>Consumer Affairs Act</u>	<u>Convic-</u>	<u>Adjourned</u>	<u>Dismissed</u>	<u>Total</u>
<u>Section</u>	<u>tions</u>			
13 (1)	11	4	1	16
13 (2B)	4	-	-	4
13 A (1)	1	-	-	1
13 A (2)	-	3	-	3
15 (1)	9	-	8	17
15 (4)	3	-	2	5
64	<u>10</u>	<u>-</u>	<u>-</u>	<u>10</u>
	38	7	11	56
<u>Motor Car Traders Act</u>				
<u>Regulation</u>				
403	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
	39	7	11	57
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

12. Erratum, 1977 Report

On Page 90 of the 1977 Report of the Director, in the discussion on Country Road Caravans it was stated that "an account to Country Road Caravans was paid with a cheque from M.P.B. Discounters Pty. Ltd., the signatories of the bank account being Robin Morton and Dimitry Chernekeeff". Following representations and further investigation, it has been established that Robyn Morton (Robin Morton) was just a witness to the affixing of the common seal of M.P.B. Discounters Pty. Ltd. on the bank document authorising Mr. Chernikeeff to operate on the account.

PART 2.MATTERS ARISING FROM THE INVESTIGATION OF COMPLAINTS.BUILDING INDUSTRY.New Homes.

- 1.1 The number of complaints generated by the Building Industry was still high. However, there was a reduction in complaints relating to construction of new homes - 187 against 229 for the previous year.

Home Renovations.

- 1.2.1 Home renovation complaints are still a major problem and 729 (7.3% of total complaints) were received. Home renovation contracts may range from a simple inexpensive alteration of one room to an extensive re-modelling of the whole home, costing some tens of thousands of dollars. Where home renovations are purely cosmetic with no structural alterations being made, a Building Permit and inspection by a municipal officer is not required. However, for more than this, a permit is usually necessary. A feature of many complaints was that the required permit was not obtained and the renovations did not comply with building regulations.
- 1.2.2 Many renovators are not qualified, either in terms of experience or formal training, to undertake the work they attempt to perform. Others are hopeless managers, and the complaint arises through their inability to organise themselves and arrange for the material required. House owners have therefore to be careful in the selection of tradesmen.
- 1.2.3 Analysis of complaints has shown that a consumer can reduce potential dissatisfaction by following a few simple steps.
- 1.2.4 First, clarify what is required, then consult with such bodies as the Division of Building Research, C.S.I.R.O., the Building Development Centre, and talk to various manufacturers and retailers as to

the use of their products which are being considered. Often Trade Associations and the Building Section of local Municipal Councils can be helpful in advising on the final plan of the home alteration. Then write down in full detail what is required to be done and the products it is desired to use.

- 1.2.5 The Ministry considers it is essential to get at least three "no obligation" written quotations. The quotations should be in sufficient detail so as to exclude disputes as to what is to be done. This is essential as quotations between traders may vary to such a large degree that quality of the material used or thoroughness of the work cannot account for the large variation.
- 1.2.6 There is ample evidence that some companies in the home renovation field adopt a policy of making excessively large profits and rely on the consumer's failure to obtain other quotes, or adequately detail the work required.
- 1.2.7 In one case, three quotations were obtained for laying some tiles, and the labour charge ranged from \$600 to \$1,050. In another, the supply and fitting of wrought iron gates and balustrading varied between \$360 and \$870. In a further case involving the installation of a hot water service, one quote was \$200 while another was \$450.
- 1.2.8 It is not surprising then that with such large variations the consumer is at a loss to know what is a reasonable charge for a particular job.
- 1.2.9 Having obtained and selected a quotation, the house owner should enter into a written contract with the tradesman. Here close attention should be paid that the details of the quotation are correctly transcribed into the contract. Special attention should be given to such items as date of commencement and finalisation of work and when progress payments should be made. Care by the householder to the paperwork should at least eliminate many disputes arising from misunderstandings between the house owner and the tradesman. Experience shows that the householder usually interprets a vague clause as meaning that he would get most work done for least expense, while the trader interprets it as meaning that he would have to do the least work for the highest possible payment. Despite the above comments, the sad fact is that no matter what action a householder takes, he



cannot completely safeguard himself against being exploited by unethical or inexperienced home renovators.

- 1.2.10 If changes are made during the course of the renovations, they should be recorded so that by comparison with the original quote, proper additional charges can be determined. This is in the interests of both parties. Often consumers do not appreciate the additional costs involved when a change is made after some work has commenced.
- 1.2.11 Many complaints arose because the home renovator could not pay his sub-contractors, who in turn refused to continue with the work. In some instances the renovator purchased materials and informed the supplier to send the account directly to the house owner, despite the fact that the contract was for "supply and installation".
- 1.2.12 As a general rule, the first indication to the house owner that something is about to go wrong is when the renovator approaches the house owner with the request to make progress payments in advance of the schedule set in the contract.
- 1.2.13 There is little doubt that there must be some control on house renovators, and it is thought that the Market Court Act should provide this. The alternative of licensing or registration is not necessarily the answer and can impose considerable costs on a large number of traders who perform satisfactorily.

### House Cladding

- 1.3.1 For many years the Ministry has been critical of many aspects of the house cladding industry. The industry continues to generate problems to many consumers, local councils, and finance companies. During the year, 107 complaints were received in this area, as compared with 110 last year, the major cause again being high pressure and unethical sales methods.
- 1.3.2 The salesmen or companies generally circulated drop cards through the post or newspapers (perhaps promising a prize in an obligation free competition) with the purpose of obtaining addresses of house owners who may be interested in the prospect of improving the appearance of their home. Invariably such house owners, after responding to the drop cards,

were approached by salesmen who, once they had invaded the consumer's home, exerted considerable sales pressure to get a contract signed.

- 1.3.3 The marketing arrangements, no doubt due to the ingenuity of unscrupulous salesmen, were designed to obtain the highest possible remuneration for the least possible responsibility and outlay.
- 1.3.4 Many consumers were confused as to who they were dealing with. Individual salesmen operated under a business name, or as a sales company quite separate from the manufacturer of the cladding material, while a third business or company carried out the installation. (See also Section 1 of Part 3.)
- 1.3.5 Documentation promoted this confusion, with the salesman asking the consumer to sign a "Work Order and Satisfaction Certificate" under the trading name of the sales company while the actual contract would be under the name of the cladding material manufacturer or the installer, and any correspondence entered into would be done under the actual company name (as opposed to trading name) of the sales company.
- 1.3.6 In the case of a complaint, the consumer is likely to be shunted from one business to another, with none accepting responsibility for either shoddy workmanship or deterioration of cladding material.
- 1.3.7 The sales company's profit margin is added to the manufacturing company's profit margin and may exceed the latter by quite a magnitude. In this industry the consumer does not get any advantage by dealing through the sales company; on the contrary he runs the risk of subjecting himself to considerable sales pressure, of receiving worthless guarantees and incurring considerable financial loss.
- 1.3.8 The following examples contain figures which have been taken from actual complaints received by the Ministry and correlated to allow a comparison on a similar sized home.

1.3.9 Example 1.

Consumer dealing directly with the cladding manufacturer:

An average 12 square home @ \$150 per square at cost -		\$1,800
<u>Plus</u> Plumbing	\$ 80	
Permits, etc.	\$ 30	
Spray	\$110	
Delivery, insurance, etc.	\$ 80	<u>300</u>
		\$2,100
Profit margin of the manufacturer		<u>\$ 756</u>
		<u>\$2,856</u>

Usually the manufacturer would make an adjustment and inform the consumer that the whole job would cost \$3,000.

1.3.10 Example 2.

Consumer dealing through the sales company:

The size of a consumer's home would be incidental as the salesman usually adopts the method of "charging by the head". "Charging by the head" is terminology used in the trade for charging the consumer by his ability to pay. The salesman usually assesses the wealth of the consumer during his sales talk and then sets an appropriate figure. The Ministry has established that the loading may amount to more than 100% on the manufacturer's figure. Taking the figures from Example 1 and assuming that the consumer would be able to raise only \$3,000 in cash, he would incur an additional expense of \$5,100 just by dealing with a sales company, i.e. -

Charge by the cladding manufacturer including his profit margin as per Example 1 -		\$3,000
Additional loading of the sales company		<u>\$3,000</u>
Total cash charge to consumer		\$6,000
Less deposit paid by consumer		<u>\$3,000</u>
Balance to be financed		\$3,000
<u>Plus</u> Stamp duty	\$ 69	
Consumer Credit Insurance	\$ 122	
Life Policy	\$ 83	
Interest over 5 years	<u>\$1,810</u>	<u>\$2,084</u>
		<u>\$5,084</u>

The total cost to the consumer would be in this case \$8,084.

- 1.3.11 In an endeavour to place the cladding industry on some sound footing, the Ministry recommended that standards be developed by the Standards Association of Australia to cover both the manufacture and fitting of imitation brick cladding. As a result, a conference was called by the Standards Association of Australia which was attended by the representatives of the cladding industry, insurance industry, Local Government, and State and Federal Government consumer bodies. Currently the Standards Association of Australia is considering developing such a standard.
- 1.3.12 The Ministry also recommended to some manufacturers of brick cladding material that they should form an association of brick cladding manufacturers in order to be able to introduce some self-regulation into the industry. A meeting was called in order to discuss the establishment of such an association, and although it was generally agreed that something should be done to clean up the industry, the formation of the association as a recognised body has not come to fruition.

- 1.3.13 Although the number of house cladding complaints were dropping at the end of the year, the current complaints still highlight the high pressure sales tactics and the totally unsatisfactory manner in which the transaction is carried out, involving numerous parties, none of which accept responsibility. These contractual situations are best avoided. Deal only with one company that can provide satisfactory performance and who will be around if there is a problem.

#### Bath Re-Surfacing.

- 1.4.1 With the growing popularity in home renovating, many new products are marketed to assist the consumer in his various endeavours in this field. One that has given the Ministry concern is the process of bath re-surfacing.
- 1.4.2 It is the Ministry's experience that in the past products have been launched on to the market without adequate testing, and the consumer subsequently was left without any redress open to him, as the company who made use of the process or product could not cope with the costs of rectifications required and became insolvent.
- 1.4.3 The process of bath re-surfacing involves a cold spray process which is applied to the consumer's bath in his home. Several different formulas are on the market, and the cost of such a process is generally in the vicinity of \$140. A number of complaints have been received alleging that the product deteriorated and the process needed repeating. At this stage it is not known whether this is due to a faulty formula or to careless application. The problem is not unique to Australia, and many overseas publications have commented on the pitfalls for consumers.
- 1.4.4 At the time of writing this Report, reasonable liaison has been established with a number of companies who are willing to remedy any problems encountered. Nevertheless, the process is relatively new, and consumers are warned that before contracting with a company for the work to be carried out, they should obtain some names and addresses of previous clients by way of references.

### Kit Homes.

- 1.5.1 Many people believe that the purchase of a kit home will offer considerable savings over a normally constructed domestic suburban dwelling. As mentioned in the last Annual Report, it is doubtful that the consumer will save money unless cost free trades skills are available to him. It is of concern to the Ministry that several manufacturers of kit homes push, in advertising, the idea that savings can be made.
- 1.5.2 Should a consumer decide to purchase a kit home and have it erected, he should deal with a manufacturer offering the services of a registered builder to undertake the construction of the home. This would give a measure of protection to the consumer, in that the builder must be registered with an approved guarantor under the provisions of the Local Government (House Builders' Liability) Act 1973.

### Itinerant Tradesmen.

- 1.6.1 Itinerant quasi tradesmen regularly come to the Ministry's attention. The main field of operation is the painting of houses, particularly the painting of roofs. A typical modus operandi is for two men in a utility, which usually carries interstate number plates, to visit a metropolitan suburb, or a country town, and travel the streets looking for houses requiring painting.
- 1.6.2 When such a house is discovered, the travellers approach the house owner and exert considerable pressure to get the owner agreeing to have them paint the house. The sales pressure is occasionally in the form that they have called because of a council request or regulation, but it is usually that as the men are in that vicinity they can get the house painted at a very cheap rate. Statements are usually made that unless this is done, the house will deteriorate to such a stage that it will not be possible to renovate it economically, and references are made to extensive guarantees, although such guarantees are never produced in writing. In many instances, the itinerant tradesmen prey upon the elderly who live in homes which need some renovations and frighten these people into accepting the contracts. Insistence is always made on payment in

advance, or at least cash payment immediately after the job is finished.

- 1.6.3 The work is usually carried out by a spray gun with the aid of a compressor located in the back of the utility. No preparatory work or priming is done and the paint is sprayed over the surface in a most negligent manner. In one instance, the painter did not mask the window panes, but sprayed the walls, the window frames, the glass, as well as the plants and paths.
- 1.6.4 Needless to say, such a job is only of a most temporary, cosmetic value, and after a few months or even weeks have passed, the weather usually washes away the coated surface, leaving the original surface in the same dilapidated state as it was before the coating job was done.
- 1.6.5 The Ministry considers that these jobs are straight out fraud, and is co-operating with the Fraud Squad of the Police Department in order to catch the offenders. Consumers are warned not to get involved with tradesmen who canvass business on a door to door basis, and are prepared to commence work immediately provided payment is made in advance. Should such tradesmen travel in vehicles bearing interstate numbers, then the house owner, or even neighbours who spot them, should inform the Consumer Affairs Bureau immediately, or even the local Police station.

#### Concrete Drives and Pavings.

- 1.7.1 In recent months there has been an increase in complaints received regarding paths and drives. Although many of the complaints are of a minor nature and are usually settled by negotiations between the parties, the increase in these complaints warrants a mention of the trade in this Report.
- 1.7.2 The causes of the defects are often difficult to establish; however, complaints indicate that there is lack of knowledge of the inherent features of concrete, not only by the consumer but also the tradesman. Thus, a consumer may contribute to the problem by failing to realise that concrete must be allowed a period of curing and drying before it can be used. On the other hand, it is up to the tradesman, who is

the expert, to ensure not only that the job is done properly, but that the consumer is also informed about how to care for the concrete, at least during the curing time.

1.7.3 It is of concern to the Ministry that complaints indicate that some tradesmen do not possess even the basic expertise in concrete laying.

1.7.4 The following case histories illustrate the point -

Case 1 - A consumer had asked a concreter to lay a two strip drive-way using reinforced concrete. A few weeks after the work was completed, numerous cracks appeared. The consumer, on checking the cause, discovered that not only was the concrete not reinforced, but that the thickness of the concrete ranged from 1/8th inch to 2 inches. (A reasonable thickness for a car driveway is 3" to 5", depending on soil conditions and reinforcing.)

Case 2 - A concreter laid 3" concrete in a garage which measured 25 ft. by 12 ft. without cutting any expansion joints. About a month after the work was completed, numerous cracks appeared and the concrete deteriorated. An officer of the Ministry contacted the contractor and, in the course of investigating the complaint, asked why expansion joints were not utilised. The contractor advised that expansion joints are only used as a cosmetic effect to enhance the appearance of the concrete. Hardly a wise or knowledgeable statement from a contractor who holds himself out to be an expert tradesman in the field of concreting.

1.7.5 Complaints also showed that in many cases not sufficient details were agreed upon prior to the commencement of the work, so that inspectors had to contend with conflicting statements from the consumer and the trader with consequent difficulty of trying to resolve the dispute.

1.7.6 Consumers should get written agreements which specify the concrete mix, the thickness, whether or not reinforcement is required, and the type of finish.



MOTOR VEHICLE INDUSTRY.

Complaint Trends.

- 2.1.1 Since the first Annual Report, comments have been made about the co-operation established with the motor car industry. Each Report pointed to the reduction of certain categories of complaints with some specific dealers, but in each Report the paragraph ended on the sad note that the percentage number of motor car complaints was still on the increase. This theme continued throughout the year under review where motor vehicle complaints occupied a higher percentage (and absolute number) of overall complaints than in any previous year.
- 2.1.2 The recent trend in relation to motor vehicle complaints is as follows (percentage refers to total complaints received by individual sections):

	<u>C.A.B.</u>		<u>S.C.T.</u>		<u>M.C.T.C.</u>		<u>Total</u>
	<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>	
1975/76	2633	29.38	397	25.02	-	-	3030
1976/77	3004	29.95	610	27.38	788	100	4402
1977/78	2892	29.09	808	29.94	895	100	4595

- 2.1.3 It was evident again this year from discussions with manufacturers and dealers that the industry is suffering from a number of problems which, either individually or through inter-relation, generated most of the complaints. Many of the complaints on new cars arise because of the condition in which the car is delivered to the consumer; others through ineffective action by the dealer to rectify a problem; while others, particularly in relation to second-hand cars, are due to the unethical conduct of some salesmen in some motor car trading businesses. There are also a number in which the consumer has not heeded the advice given by the Ministry and other agencies.

The Technical Complexity of the Motor Vehicle.

- 2.2.1 The motor vehicle is a consumer item of great technical complexity. It requires skill from the consumer's point of view to operate it and to understand its limitations. In addition, development involves innovations which, in turn, require an adequately trained mechanical staff to service and maintain such vehicles. Many complaints were lodged because dealers were not able to properly diagnose a

fault in a vehicle and adopted a trial and error method until the fault was eventually remedied. In one case the vehicle was returned eleven times. Such complaints are directly attributed to lack of trained staff employed by the dealer.

#### Manufacturing, Design, Quality Control Problems.

- 2.3.1 Some methods adopted by the manufacturers tend to create complaints. The Ministry accepts that a mass produced article cannot be completely fault free, as the price of such an article would be prohibitive. It is therefore likely that a percentage of faulty vehicles will be placed on the market. It is the Ministry's contention that such faults should immediately be remedied under warranty provisions with as little trouble to consumers as possible.
- 2.3.2 Complaints lodged with the Bureau have highlighted the following areas in need of close attention by manufacturers:

#### Water Leaks.

- 2.3.3 It is realised that in some cases it is hard for factory tests to duplicate actual driving conditions. Representations have been made that this is especially the case with water penetration into the passenger and luggage compartments or electrical component parts such as tail lights. This has been borne out by the many complaints received and the corresponding representations by dealers about the difficulties encountered in locating and remedying such leaks. In many cases the remedy resulted in an unsightly application of sealers and adhesives which detracted considerably from the appearance of the car.
- 2.3.4 There is a need, then, for vehicles to be designed with greater care in this respect and for water tests on the assembly lines to be made to correspond more closely to normal driving conditions.
- 2.3.5 Consumers who buy a new car should not be subjected to such constantly re-occurring complaints. In one instance, water penetration in a new vehicle coupled with the inability of the dealer to remedy it, frustrated the owner to such a degree that he finally traded it in on a different model. Such cases should not occur, and if they do, they should be resolved well before the purchaser has to complain

to the Ministry. In fairness, it is stated that some complaints by a few consumers concerning water leaks are quite unreasonable.

#### Premature Failure of Paint Work.

- 2.3.6 This is a long standing issue and many cases can be quoted where the paint blistered or powdered away from the body of the car.
- 2.3.7 The Ministry believes that where such failures occur because of inadequate manufacturing safeguards, the purchasers should not be asked to carry the burden of remedying them. The life of paint work should correspond to the general life expectation of the car. As already stated in the previous Annual Report, any abnormal deterioration of paint work because of faulty materials or their application in manufacture within the first seven years of the life of the car should be made good by the manufacturer. This does not refer to deterioration through lack of care or abuse by consumers, or normal weathering of finishes.

#### Rust.

- 2.3.8 There is clear evidence that on some models rust develops from the inside of doors, tail gates, and other body panels, making the car unsatisfactory for further use without extensive repairs. The Ministry believes the consumers should reasonably expect a minimum of ten years before such panels develop rust which requires extensive treatment or replacement.

#### Oil Leaks.

- 2.3.9 There are many complaints of excessive oil leaks in vehicles which often appear during the warranty period but are not properly rectified. Such leaks should not develop in a car unless through normal usage where it can be reasonably expected that the engine/transmission seals need replacement or repair. In all other conditions, the Ministry feels that manufacturers should accept full responsibility for premature appearance of oil leaks.
- 2.3.10 This does not refer to normal seepage past seals. A problem does arise, however, as to what is normal and what is excessive and there have been cases where leaks have been considered to require repairs but when these repairs have not been successful, the consumer's

claim is dismissed on the grounds that the leak is normal. This is not satisfactory.

#### Penetration of Petrol Fumes.

- 2.3.11 There has been a sufficient number of complaints to indicate that there are inadequacies in the manufacturing process of some vehicles. Petrol fumes in the passenger cabin of a vehicle may affect the driver's concentration and lead to serious accidents. Manufacturers should not wait until their attention is drawn by the Ministry to this issue over and over again, but should institute immediate remedial action to remove such faults.

#### Excessive Vibrations.

- 2.3.12 In one specific model of a car, the excessive vibration was related to a number of points which created the vibration at certain speeds. Again, the Ministry's attitude applies that even though it may be a complex technical procedure to trace the cause, the manufacturer should institute efficient ways to remove such vibration and not subject the purchaser to unnecessary worry, cost and wastage of time. In a number of complaints, the manufacturer blamed faulty tyres for the vibration, while the tyre manufacturer was equally adamant that his product was not to be blamed and referred the consumer back to the car manufacturer. The consumer should not be involved in such disputes. Both the car and tyre manufacturers should have come to an agreement on how to resolve such complaints without involving the consumer who bought the car, which of course included the tyres, as one unit.

#### Body Damage prior to Delivery.

- 2.3.13 Some new vehicles have been delivered to consumers showing body damage which has been repaired. In such cases the repairs were done only to the damaged panels but to make the car look like new it would require complete re-spraying. But even such an action would have to be looked upon with suspicion as the re-spraying would only remove the cosmetic shortcomings of the vehicles. There would always be the possibility that such a "new vehicle" with repaired body damage may have also undergone structural or mechanical damage which becomes evident possibly after the warranty period has elapsed.

- 2.3.14 It is the Ministry's contention that all vehicles should be delivered in a merchantable condition, and if this is not the case, then they should be taken back by the manufacturer or dealer and another vehicle supplied to the purchaser. As an alternative, damaged "new vehicles" should be marked as such and sold at a market price related to their condition.
- 2.3.15 Manufacturers must recognise that the above problems do exist and issue publicly clear guidelines on such questions as:
- The reasonable life span of a new model released on the market.
  - The policy governing the extension of the warranty on components which revealed a weakness in design.
  - The policy governing recall campaigns relating to other than safety related defects.
  - The policy governing the exchange of a vehicle for a new one instead of insisting on further warranty repairs.

#### Advertising.

- 2.4.1 It is through advertising that the manufacturer can develop a certain image for his product. If the image is such that it increases consumers' expectations beyond what the manufacturer intended to warrant, then consumers have the right to complain.
- 2.4.2 An example is the advertising of a specific model as an economy family vehicle. In effect, the petrol consumption was very high and could not be improved. The advertising image of such a car was entirely different from the car itself and misleading to consumers.
- 2.4.3 During the year under review, some manufacturers used comparative advertising to show that their vehicles performed much better than those of their competitors. The Ministry does not object to such comparative advertising provided that it informs consumers of the relative qualities of the vehicles that were tested - that it is factual, capable of substantiation, and is objective enough to enable a consumer to make a reasoned choice.

- 2.4.4 to avoid misleading claims on petrol consumption the Ministry welcomes the development of a standard by the Standards Association of Australia for the measurement of petrol consumption in motor vehicles. The adherence to such a standard by manufacturers in their advertising would make comparative petrol consumption figures between the different models meaningful.
- 2.4.5 Unfortunately, the image which a motor car has in our community is not only that of a means of transport but also that of a status symbol, "escape machine", a means of obtaining acceptance in peer groups and extension of one's own personality. Many advertisements exploit this image and skilfully hide the reality of costs, maintenance and repairs behind a glamorous presentation, an action guaranteed to disrupt any lines of communication between the dealer and purchaser and increase the incidence of complaints.

#### Marketing Methods.

- 2.5.1 Motor vehicles are marketed through such complex arrangements that they go beyond the understanding of the average consumer and yet affect him considerably. There may be five or more parties involved in the purchase of a vehicle while in effect the consumer may be under the impression that he is dealing only with the dealer who sells him the car. These parties usually are the consumer, the dealer, and the manufacturer, but quite often include an insurance company providing comprehensive insurance, another providing consumer credit insurance, a finance company, and in some cases a guarantor, a second finance company in relation to the pay-out figure on the trade-in and a company providing an extended warranty.
- 2.5.2 Problems also arise as the dealer in effect arranges the sale but he, in turn, depends on the manufacturer for the supply of the car so that the actual delivery time as promised to the consumer may be beyond his control. There may also be price fluctuations between the actual date of signing the contract and the delivery date from the manufacturer to the dealer. Any such price increases would have to be made up either by the consumer or out of the profit margin of the dealer.
- 2.5.3 The dealer provides the after sales service, while the manufacturer provides the warranty on the vehicle. Representations have been made to the Ministry by

dealers that the warranty work which is paid by the manufacturer to the dealer is less than the real market rate for such work and this is a reason for superficial service.

- 2.5.4 A finance company is often a party to the transaction even though all documents are finalised in the dealer's yard. The finance company is the legal owner of the vehicle and has the right to repossess and sell the vehicle if the payments are not made on time, irrespective of the actual quality of the vehicle sold. In other words, the vehicle may not be in a driveable condition and may be subject to a dispute between the purchaser and the vendor, but all finance payments for the vehicle must be continued.
- 2.5.5 Numerous disputes arise in relation to interest charges, repayments, pay-out figures, etc. on the basis that the details given by the salesmen varied considerably from those eventually supplied by the finance company when the actual documents were received by the consumer. See Part 3, Section 4 for examples of this.
- 2.5.6 An insurance company is also a party if the transaction includes comprehensive and consumer credit insurance. Many consumers do not realise that in case of a write-off accident the payment by the insurance company is in many instances much less than the actual debt owing to the finance company or the cost of purchasing another vehicle of equivalent value.
- 2.5.7 Complaints have also arisen on consumer credit insurances as dealers have failed to disclose to consumers all the conditions of such a policy. It is not until a policy holder tries to make a claim that he discovers that he is not covered for a specific claim because of an exclusion clause in the policy document.
- 2.5.8 Such complex marketing arrangements have a tendency to give rise to misunderstandings even when all parties take precautions to ensure that all relevant facts are disclosed. Unfortunately, the commission structure in many dealerships is such that shrewd individuals are constantly tempted to gloss over a number of issues as in this way they can maximise their own incomes.

- 2.5.9 Examples quoted in previous reports showed that commission payable on comprehensive insurance in some cases amounted to 40 % of the total premium payment. A director of an insurance company stated during the investigation of a complaint that the commission payable to the dealer may amount to 600 % of the premium to the insurance company, which is 86 % of the premium charged to the consumer. In some contracts the premiums amounted to more than \$2500. Other complaints revealed that consumers were not aware of the high comprehensive insurance charges, or that they were made to understand that they had to insure a car for the full duration of the finance contract, thus incurring higher premiums and interest charges. It is clear that such statements were made in order to maximise the commission to the dealer from this source.
- 2.5.10 It is essential that potential purchasers of motor vehicles shop around and determine what are reasonable premiums for comprehensive and consumer credit insurance.

#### Pricing on Second-Hand Cars

- 2.6.1 A number of dealers consider a fair price for a second-hand vehicle to be that which they feel a consumer can be persuaded to pay irrespective of what is shown in an advertisement or on the Form K, which, under the provisions of the Motor Car Traders Act, must be affixed to the side window of the car.
- 2.6.2 Prosecutions have been instituted by the Ministry for misleading advertising because the dealer advertised a price in the paper without having the intention to sell the car for that price unless the consumer actually referred to that particular advertisement. Reduction of prices from that shown on Form K has also been used as a bargaining tool in order to extort as much money as possible from a prospective purchaser, who may be under the belief that he is getting a discount on the marked price of a car but is still paying in excess of its true value.
- 2.6.3 Complaints have been investigated where second-hand cars have been sold for a higher price than a current new model just because the purchaser was not aware of the new car prices, such as may happen with newcomers to this country.
- 2.6.4 The practice of jacking up prices is still quite prevalent in the trade, so that the cash figure for a purchased vehicle appearing on the purchase or finance contract has no bearing whatsoever to the



actual market value of the vehicle. The purchaser may think that he received a good trade-in valuation, while in effect the dealer increased the price of the purchase car to offset it. The cash price may also be jacked up to mislead the finance company into believing that the purchaser has paid a reasonable deposit for the vehicle purchased or in order to cover the pay-out figure on the trade-in vehicle. In each case the purchase price is increased without giving the purchaser an equivalent increase in the equity of the purchased vehicle, an action just as misleading towards the purchaser as it is towards the finance company.

- 2.6.5 As long as dealers adopt this kind of loose arrangement in relation to pricing of cars, complaints will continue to arise as it is evident that mostly people who can least afford it get caught by such haphazard pricing policies.

#### Employment of Sales Staff.

- 2.7.1 Allegations have been made by dealers to inspectors of the Consumer Affairs Bureau that complaints are due to the unreliability of the sales staff.
- 2.7.2 It was stated that the industry cannot attract "solid family men" who have the intention of making a career out of selling cars because of the irregular working hours that are being worked. There is a tendency for a large turnover of staff within the industry, as well as for the sales staff to be concerned in making as much money in as short a time as possible.
- 2.7.3 Too much emphasis is placed by some dealers on "proven sales record" in their selection of staff to the exclusion of any other qualities. Inspectors of the Consumer Affairs Bureau have traced the movement of a salesman through a number of dealers by the trail of complaints left behind. Nevertheless, dealers will still employ these salesmen and give them a free hand even though they are fully aware of the problems created by them while in previous employment.
- 2.7.4 While some management is unable to keep control of sales staff, there are many other examples where dealers have developed a tradition of reliability amongst their sales staff.

### Sales Morality.

- 2.8.1 By far the largest contributing factor to complaints is the absence of any sales morality in some dealerships. This in turn gives rise to a cut-throat competition amongst some dealers.
- 2.8.2 In many instances it is a matter of "swim or sink". In some car yards management adopts a procedure known as a "head count" whereby the number of consumers who visit those yards is counted and this number is then compared with the number of sales made for the day. If the percentage does not compare favourably, then the sales staff are held to task for allowing too many people to leave the yard without having been sold a car. Statements have been made to inspectors that management adopt the policy that consumers are never "just looking", and that they never come back once they are allowed to leave the yard without committing themselves. Such a policy exerts a pressure on the sales staff to proceed in a ruthless manner towards prospective purchasers and to disregard ethical business sales practices.
- 2.8.3 In one complaint a consumer selected a car and made it known that he wanted his wife to see the car before making the final decision. The salesman then offered him a \$200 reduction on the car provided he signed the purchase contract immediately, and assured him that the deal would be still subject to his wife's approval. When his wife rejected the car, he was told that the transaction could not be cancelled as he had signed an unconditional contract.
- 2.8.4 When the Ministry approached the dealer with this complaint, he agreed that he was morally wrong, but said that "a deal is a deal".
- 2.8.5 The argument presented to the Ministry on a number of occasions is that some consumers are plain "wood-ducks" (a term adopted by the trade for consumers with a low sales resistance and a high gullibility), and that if they do not sell a vehicle to these types of people whenever they walk into a car yard, then in the following day or two some other dealer will. They further claim that if they consider such ethical issues as sales morality, then their competitors may not do so, and again they would lose sales.
- 2.8.6 Such cut-throat competition is generating many complaints. Certain dealers are not interested in the problems which consumers will face in attempting to

honour their commitments or in the repercussions on their financial position if they are not able to complete their obligations to the finance company.

- 2.8.7 A further example referred to is a complaint concerning a nineteen year old youth who owned a Holden which he had purchased from earnings from a part-time job while he was still at school. He lived with his 77 year old grandmother who was unwell and had suffered a series of strokes. She suggested that he purchase a better vehicle and offered to loan her grandson \$4000 to effect such a purchase. The grandson accepted the offer and commenced negotiations with a car dealer. However, the vehicle which caught his eye required a \$6,500 change-over. The dealer was fully aware of the fact that the grandmother was to provide the money and that her offer was limited to \$4000. Nevertheless, he accompanied the grandson to his grandmother's home in order to ask whether the total amount of \$6,500 could be raised. The grandmother was uncertain whether to agree to this suggestion and, in the presence of the salesman, instructed her grandson not to sign any documents or commit himself until she confirmed with her Bank Manager the following day.
- 2.8.8 The salesman offered the use of the car to the youth until the grandmother made the decision, but he asked the youth to sign a holding contract on the pretext that it was to insure the vehicle. The youth signed it. The following day the grandmother informed him that the finance could not be raised. The dealer then refused to accept back the vehicle or to return to the youth his original trade-in on the grounds that he had signed a legally binding Hire Purchase Contract involving monthly repayments of \$224. It was not an insurance document as claimed. The total repayments under the contract totalled \$15,454. At this stage the grandson informed his father of his predicament and a complaint was lodged with the Ministry. The Ministry was informed by the dealer that the contract would be processed with the finance company and if no payments were made, then the vehicle would be deemed as a voluntary surrender, and it was probable that the youth would lose all equity he had in the transaction, that is, his trade-in vehicle which was originally valued at \$1,990.
- 2.8.9 Representations made by the Ministry to the finance company and the dealer resulted in a cancellation of the contract and return of the trade-in.

- 2.8.10 In a further case the consumer purchased a vehicle which had a cash price of \$6395, but with insurance and interest charges, amounted to sixty monthly repayments of \$222 each, a total repayment figure of \$13,320. The consumer informed the dealer that his current financial commitments and rental of a flat amounted to \$304 per month. With the repayments for the car, his total commitment would be \$526 per month. On the other hand, he earned \$600 per month, leaving him a balance of \$74 per month to support himself, a wife, and a child. The dealer submitted the Hire Purchase Contract to the finance company, but neglected to reveal the full details of the consumer's commitments and his exact income.
- 2.8.11 It goes without saying that the vehicle had to be voluntarily surrendered. When an inspector of the Bureau contacted the motor car trader and suggested that he should have known that this particular consumer would not be able to keep up the repayments, he was given the flippant reply that "ours is not to reason why".
- 2.8.12 A further example of sales morality is evidenced in the case of a girl who bought a new Mini Minor in June 1978. After two months she wanted to trade it in on a new Celica. This was done, but the dealer told her that under the Motor Car Traders Act he had to trade it in as a 1977 model (at of course the 1977 not 1978 trade-in value). The Motor Car Traders Act has no such requirement. A short time later this dealer sold the trade-in as a 1978 car, claiming to the Ministry that this was an acceptable practice in the business.

#### Uneven Contests.

- 2.9.1 The number of requests for assistance coming from consumers who had entered into contracts and who, for some reason or other wished them to be cancelled, is considerable. The recent legislation allowing eighteen year olds to enter into legally binding contracts has been a contributing factor.
- 2.9.2 It can be argued that some consumers should have known better than to sign contracts which over-committed them financially to such a large degree. Such an argument has weight in a number of cases where investigations show that the integrity and honesty of the consumers was questionable in relation to the transactions; however, in the majority of cases, the argument would ignore the reality of the market place.

- 2.9.3 The reality of the market place is that of an uneven contest. On the one hand there is the trained professional salesman, eager to complete a sale and earn the appropriate commission. He is also intent to complete as many sales as possible, as management is constantly motivating him in that direction and offering special incentives. On the other hand, there is the consumer, more often than not uneducated in most aspects of a car transaction in which he may involve himself once every five or six years. Such a consumer is competing against the trained personnel of a motor car trader whether they be salesmen, finance managers or settlement clerks.
- 2.9.4 The contest between the consumer and such trained personnel may last for several hours, or go into the late hours of the night, and the end result is usually a capitulation by the consumer by signing legally binding contracts.
- 2.9.5 Such contests between the sales personnel and consumers are not usually encountered in transactions outside the motor car field. Their frequency within the motor car industry leaves a lot to be desired, and supports the original statement made that some dealers show a complete disregard for any sales morality.
- 2.9.6 Extracts from complaints on this issue read as follows:
- "I ventured into..... Car Yard looking at cars, and after three hours of pressurising in a small cubicle in which there were at times ten people, including my wife and five children, I foolishly signed contracts....."
- 2.9.7 The consumer committed himself to purchase a vehicle to a cash value of \$4,400, total amount repayable being \$7,500.

"I feel I was under duress to buy this car. I was told that I had to put a deposit on it, that it was dangerous (e.g. accident) to leave it at the dealers - therefore it was delivered to me. I feel I was not allowed enough time to think about the offer, and I was taken advantage of due to my age and the fact that I had no one with me to advise me."

"I feel I was pressurised into buying a car I could not afford, and now wish to stop the transaction."

- 2.9.8 The most serious example on this issue refers to a nurse who rang a dealer informing him that she was interested in buying a car. Without making any prior arrangements, a representative of the dealer picked up the nurse at 8.30 in the morning immediately after she finished her night shift, and took her to the car yard. There she alleges that she spent nine hours with the sales representative, who finally persuaded her to sign a contract for a vehicle priced at \$7,300.
- 2.9.9 After she had been subjected to sales pressure for nine hours, one can question whether bargaining powers were equal. This sort of pressure is quite unfair and does little credit to the industry.

#### Financial Over-Commitments.

- 2.10.1 Most complaints discussed under this heading could have been incorporated into the section dealing with "Sales Morality"; however, as they involve a third party - the finance company - a separate section is warranted. The dealer who sells the car is instrumental in creating a separate commitment of the purchaser in relation to a finance company, and if his representations or actions are not completely ethical, exceptional difficulties may arise, as there was no direct contact between the purchaser and the finance company at the time when the contractual obligations were entered into.
- 2.10.2 Most finance complaints are due to over-commitment of consumers. In turn, most complaints dealing with financial over-commitment arise because the consumer does not adhere to his original intention of buying a specific car selected by him but changes his mind and makes a selection of a dearer car. Needless to say, the change in mind is heavily influenced by the salesman, who quite often is out to sell the car he wants to sell and not the car the consumer wants to buy; commission on a dearer vehicle of course is usually greater. Some finance companies have a policy of not approving finance on early model cars and a salesman, being aware of this policy, immediately tries to influence the consumer into choosing a later model car which, of course, is more expensive.
- 2.10.3 Furthermore, it is common advertising practice by dealers to attract consumers' interest by advertising bargain priced vehicles, but then when the consumer visits the yard, switching his interest over to a more expensive vehicle.

- 2.10.4 There are a few instances where the dealer is not at fault because the purchaser has acted irresponsibly in failing to reveal his true income and previous financial commitments, thus fooling both the finance company and himself as to his capacity to meet repayments.
- 2.10.5 In order to make a car at a higher price than the potential buyer intended to be still within the means of the purchaser, various "tricks of the trade" are used and the sales talk seems to be designed to withhold relevant financial information from purchasers. Repayments are quoted on a weekly basis while the contract stipulates monthly repayments. Instalments are quoted on a pro rata repayment of the cash price of the vehicle, and omit any reference to the additional cost of insurance and interest. This may increase the repayments by anything up to 100%. In addition, methods are employed to make consumers sign the finance documents without noticing the figures for interest, insurance and total instalment charges. Furthermore, the Ministry has investigated complaints involving dealers who, in order to make a sale, have offered temporary jobs to consumers who were unemployed or whose income was insufficient to purchase a certain motor vehicle.
- 2.10.6 In one particular case, an unemployed consumer had the intention to purchase a vehicle for \$600 as he felt that the ownership of a car would improve his prospects of obtaining a job. The dealer knew he was unemployed, but proceeded to demonstrate to the consumer a vehicle which was priced at \$3,500, after being informed that he had \$1,200 in his bank account. The consumer was attracted by the vehicle and expressed the opinion that he would be prepared to buy the vehicle if he had a job. The trader thereupon offered the consumer a job as a "car detailer" for \$100 per week. He obtained the \$1,200 which the consumer had in the bank as a deposit and the consumer signed all the necessary paper work, including a hire purchase contract. As there was no security in the job offered to the consumer, but a firm commitment to the finance company over a period of some years, the consumer tried to cancel the agreement after realising that he had paid out all his savings, incurred a debt to a finance company for a lengthy period, and obtained a part-time job which he could lose any moment. The trader refused to refund the deposit to the consumer, and after the involvement of the Ministry, the whole transaction was transferred to another car of \$1,000 in value which the consumer felt he could afford to buy.

- 2.10.7 In another case, the consumer told the dealer that he could not afford to purchase a car which was demonstrated to him by a salesman because it implied sixty monthly payment of \$150 each for a vehicle priced at \$5,600 (total repayments \$9,000). The dealer assured the consumer that he could still go ahead with the purchase, and offered him a second job as a garage attendant. The contract showing the total income figure of the consumer, representing the two jobs, was accepted by the finance company. After one week, the consumer was sacked from his second job and as he could not maintain his payments to the finance company, his vehicle was repossessed.

#### Insurance Proposals.

- 2.11.1 A noticeable number of complaints have shown that misleading information is put on the proposal forms for insurance of vehicles by salesmen at the time when the sales transaction is being finalised.
- 2.11.2 It is normal after entering into a Hire Purchase Agreement which includes comprehensive insurance premium, for the consumer to complete and sign an insurance proposal. Usually the dealer completes such a proposal after asking the consumer questions on the relevant points and then asks the consumer to sign the proposal note. Ministry records show that on too many occasions the proposal notes were inaccurately completed. The inaccuracies related to non disclosure as to the insured's accident record, prior convictions, as well as omissions of details relating to the vehicle purchased, such as size of engine and any modifications. The discrepancies in the proposal notes are usually not discovered until the insured lodges a claim under his policy. It is then that the difficulties arise because on the claim form the insured usually reveals the true facts of his accident record, convictions, or the mechanical details of the insured car.
- 2.11.3 Why does this discrepancy occur? Is it likely that the insured will mis-inform the insurance company at the time of filling in the proposal form but then give the correct details on his claim form at the time when making a claim under his policy? Perhaps in some cases the answer is "yes". The most probable reason for the discrepancy, which is supported by a number of allegations, is that the dealer/salesman completed the proposal form and the purchaser signed it without verifying its correctness. The



explanation for such incorrect date is that salesmen are most anxious to conclude a deal which otherwise may have fallen through because of non acceptance by the insurance company of the proposal due to the bad driving record of the consumer. Alternatively, the disclosure of the true driving record of the consumer may increase the premiums to such a level that the total repayments would become unacceptable to the consumer. The end result would be the same, namely, loss of a sale and consequent loss of commission to the dealer.

- 2.11.4 One consumer wrote, after it was pointed out that a speeding conviction was not recorded on his proposal:

"When the dealer was filling out the insurance papers he asked me if I had any prior convictions and I stated I was fined and convicted for speeding three years ago, but he said it was nothing to write down about, but I did inform the salesman that I was convicted for speeding."

- 2.11.5 Another consumer stated that his insurance claim was refused by the insurance company as it was not stated on his proposal that he had a prior conviction for exceeding .05. On the claim form he had informed the company of such a conviction and during an interview in the Ministry he was quite adamant that the dealer was told exactly the same information when completing the proposal form.
- 2.11.6 The advice given to consumers over and over again must be repeated once more; never sign a document unless it is thoroughly understood. Never take a salesman's verbal interpretation of the conditions in a contract that is about to be signed.

#### General Comment.

- 2.12.1 All the factors mentioned above combined to make the industry more prone to consumer dissatisfaction, and therefore consumer complaints, than any other industry. The Ministry feels that unless a concentrated effort is made by all concerned to remedy the situation, complaints will continue at a high rate. There are a number of areas in which the industry can and should take immediate action.

- 2.12.2 A larger degree of co-operation between the manufacturers and dealers on the point of consumer service. The franchise agreement should not be looked upon only as a commercial agreement regulating the relationship between two trading bodies, but also as an agreement to ensure proper and effective consumer service.
- 2.12.3 A larger degree of supervision by finance and insurance companies who allow the individual dealer and salesman to make use of their documents and to make representations to consumers on their behalf.
- 2.12.4 Closer supervision by management of dealers of the activities of their sales staff and motivation of the sales staff to look beyond the commission which comes with each sale to the development of an image of reliability, honesty, and good service.
- 2.12.5 A public policy statement by manufacturers on such issues as replacement of a vehicle under warranty, life expectancy of new vehicles, recall campaigns in relation to all defects and, generally speaking, a larger degree of involvement in consumer issues.

#### SALE OF USED TRUCKS.

- 3.1.1 In the year under review, the Ministry received 87 complaints arising from the sale of trucks and commercial vehicles. Investigation showed that the advertising of the truck was accompanied by an offer of employment.
- 3.1.2 "Owner Drivers" advertisements are common in the employment section of the daily newspapers. Such advertisements offer high earnings and may guarantee a minimum income. The earning prospects stated are usually so high that it is extremely hard, if not impossible, to achieve.
- 3.1.3 This type of advertisement usually tends to attract consumers who are not experienced truck drivers but who are attracted by the offers of employment. Consequently they cannot evaluate the situation in advance and fall prey to the exaggerated statements of the salesman. One advertisement stated as follows:

## "OWNER DRIVER

\$600.00 P.W.

Excellent business opportunity exists now for two people to become owner drivers. This is a permanent contract position - not sub-contract. You will be trained in this position if you have no experience. We will supply 2½ ton Luton Pak van ready to start work. Preference given to married people.

Finance on low deposit to approved purchasers.  
Phone Mr..... on Phone No....."

- 3.1.4 The purchase of the truck was financed under a Chattel Mortgage contract. Soon after taking possession of the truck and commencement of employment, the purchaser claimed that there was not sufficient work to earn \$600.00 per week and in fact he was earning less than one quarter of that figure. The consumer then wished to get out of the contract as he was having difficulty in meeting the monthly instalments.
- 3.1.5 After checking with the employer the Ministry was informed that the consumer "was never available for jobs." The driver, however, insisted that he was always available but was seldom given any work, and finally he had to attempt to cut his losses by selling the truck and finding alternative employment.
- 3.1.6 In other cases the breakdown of the truck, often involving expensive repairs beyond the financial capacity of the holder, led to loss of employment and income and the failure to maintain repayments on the vehicle, which led to repossession.
- 3.1.7 The statutory warranties on cars provided for in the Motor Car Traders Act do not apply to trucks and the purchaser often has no redress in cases of premature failure.
- 3.1.8 It is the hard fact of life that, especially in times of high unemployment, people will jump at such offers without having the previous experience to verify their validity. The Ministry gives the advice that in the purchase of a truck, accompanied by an offer of employment, an independent mechanical check should be conducted on the truck and a solicitor consulted in order to ensure that sufficient redress can be obtained in case subsequent events do not come up to the expectations held out in advertisements.

## INSURANCE INDUSTRY

### Complaint Trends

- 4.1.1 Insurance complaints received during the year covered most areas. A large number referred to disputes arising out of exclusion clauses contained in the policies. Consumers complained that they were not aware of such clauses or that they had attributed to them a different interpretation to that of the company.
- 4.1.2 In some cases the company's interpretation was most one-sided in their favour and rendered the policy virtually useless to the consumer when a claim was made.
- 4.1.3 Some problem areas are discussed in the following paragraphs.

### Contents Insurance when Premises are Shared

- 4.2.1 In an investigation of a complaint that an insurance company had refused to pay out on the value of all goods stolen during a burglary, it was found that although two persons resided in the flat, the contents insurance had been taken out in only one name, although for the total value.
- 4.2.2 The insurance company, having received details of the claim, refused to pay out on any goods which belonged to the other person, maintaining that that person's name was not on the insurance policy and therefore any goods belonging to him were not insured.
- 4.2.3 As it is not uncommon for several people to reside together in flats these days, consumers should ensure that the policy covers the property of all people residing in a flat.

### Travel Insurance - Life and Accident

- 4.3.1 In several cases referred to the Ministry, problems have arisen for consumers who have insured themselves against accident or sickness when travelling overseas.
- 4.3.2 In one case an elderly person died from a heart attack but the company refused to pay out under the policy, maintaining that she died from a pre-existing condition.

- 4.3.3 The family doctor, although agreeing that she had a history of heart illness, maintained that before she left she had been in reasonable condition and was fit to travel.
- 4.3.4 As a considerable number of elderly persons travel overseas each year, the question is raised of how valuable is insurance taken out if one has a previous history of illness.
- 4.3.5 In another case a consumer slipped and broke her leg while on holiday in Hawaii with a package deal tour. Because of the nature of the injury she was unable to participate further in the tour.
- 4.3.6 Her husband booked her on the next flight home and returned with her, thus incurring extra expense as he was unable to obtain a refund under the existing conditions of the package tour.
- 4.3.7 The insurance company refused to pay these further expenses, maintaining that they should have waited in Hawaii and returned with the group in a fortnights time.
- 4.3.8 After representation by the Ministry, the couple's expenses were paid.

#### Travel Insurance - Baggage.

- 4.4.1 The limitations of the Warsaw Convention on baggage insurance are discussed in the Section dealing with the Travel Industry and the point made that the travel agent should alert the traveller to the limits imposed by the Convention of U.S. \$20 per kilo for any lost baggage so that consumers can take out supplementary insurance should they have more valuable items in their baggage.
- 4.4.2 Unfortunately, even such action may not ensure the desired safeguard, as some policies contain clauses which exclude such items as cameras, jewellery, tape recorders, radios, records, furs, binoculars and watches. The catch is that a consumer is usually not aware of such exclusion clauses until such time as he gets the actual policy document. This is often not given to the consumer until a few days prior to departure, or in one case, the afternoon of the last working day before departure, by which time it is too late to arrange for further insurance.
- 4.4.3 The principle already stated in the 1976 Report is repeated here "that **any** persons taking out insurance are entitled to know the significant conditions

of a policy before they are committed, and should have the opportunity of shopping around to get the cover to meet their needs".

Policies containing Averaging Clauses.

- 4.5.1 In the previous Annual Report, consumers were warned to read the averaging provisions of household contents insurance. Some such insurance policies contained the following clauses:
- "AVERAGE -
- If the value of the property insured by any item shall at the time of the loss be of greater value than the sum insured on such item, then the insured shall be considered as being his own insurer for the difference and shall bear a rateable proportion of the loss accordingly."
- 4.5.2 Consumers who did not realise that such a clause was incorporated in the policy, or who did not fully comprehend its implications, received a much smaller insurance pay-out than the value of the stolen or damaged household goods.
- 4.5.3 In the current year, complaints have shown that the averaging principle has been extended to Baggage Insurance.
- 4.5.4 In a case brought to the Ministry's notice, a consumer returning to his homeland overseas shipped household goods valued at \$9,000 by surface transport. When placing the goods with the shipping company, he insured them for \$4,500 only, and when the goods were finally received overseas, he found a number of items were missing.
- 4.5.5 His claim for full compensation was refused, the company pointing out that the policy contained an averaging clause.
- 4.5.6 It is emphasised that when intending to insure goods for the full value, whether they be in a home or being shipped overseas, they should be declared at their full value and the appropriate premium paid.

Accident and Sickness Benefit Insurance.

- 4.6.1 Several complaints were received during the course of the year where consumers, usually self-employed

tradesmen, had taken out a policy to cover themselves in the case of accident or sickness.

- 4.6.2 In one case a tradesman had insured himself for several years against sickness and found that he was unable to continue with his normal occupation due to a gradual build-up of an arthritic condition in his shoulder.
- 4.6.3 He claimed on his sickness benefit, but because he admitted to a doctor examining him for the insurance company that he had suffered from soreness in that shoulder for a number of years prior to taking out the policy, his claim was refused.
- 4.6.4 Again in another case a person took out accident and sickness benefit insurance as required by his finance company. He was admitted to hospital for an operation, and because the cause was related to a previous operation he had had eight years ago, the insurance company refused payment.
- 4.6.5 In each of the above cases the insurance company concerned could be within their legal rights in refusing the claim. However, the value of such a policy to anyone who has ever had a previous operation or suffered from any illness prior to taking out a policy, is questioned.
- 4.6.6 It seems that as long as an investigation by insurance companies reveals a pre-existing physical condition, the company considers it is entitled to withhold payment under the policy even when consumers are not aware of any symptoms leading up to such an illness at the time of taking out the policy. The danger is that if this rule is ruthlessly applied then virtually any claim could be refuted, as developments in medical diagnosis allow the tracing of many geriatric diseases even to childhood times.

#### Motor Vehicle Insurance - Total Loss Claims.

- 4.7.1 Many comprehensive motor vehicle policies allow the insured the current market value (CMV) if after an accident the vehicle is assessed as uneconomical to repair, total loss or "write-off".
- 4.7.2 It is common practice for insurance companies and their assessors to refer to various Dealers' Guide Books in order to ascertain the retail market value of a particular vehicle. The valuation given by these books is only a guide, and contingencies such as pre-accident condition of the vehicle determine

the amount the insurance company is prepared to pay on the claim. On numerous occasions consumers sought assistance when their insurance company offered an amount less than the CMV.

- 4.7.3 On many occasions it proved difficult for the insurance company to substantiate why such a low total loss figure was offered. In one such case the complaint involved a 1969 E Type Jaguar. The consumer paid \$7,850 for the vehicle but only seven days later it was involved in a serious accident and was assessed as a total loss. The insurance company involved stated the following:

"We wish to advise that the assessor confirms that your vehicle is an uneconomical repair proposition. As your policy covers you for market value, the assessor reports that the market value of your vehicle is \$3,700. We enclose a release for this amount, less the excess applicable being \$450."

- 4.7.4 The consumer presented newspaper advertisements, statements from motor car traders as to the market value of a 1969 E Type Jaguar, statements from independent assessors, as well as legal representation. However, the insurance company would not increase their CMV assessment of \$3,700 until such time as the Ministry requested from the company an explanation of the basis used for the valuation. The company thereupon increased its offer to \$6,700, which was accepted by the consumer.

#### Life Insurance.

- 4.8.1 Complaints regarding the surrender value of life insurance policies continued steadily throughout the year. It became evident that consumers did not understand the way in which surrender values of a life insurance policy are calculated. In all cases investigated, the surrender value was at least the minimum specified under the Act.
- 4.8.2 There is little doubt that, in many instances, life insurance salesmen do not properly explain that for many years after the policy commences, surrender values will be considerably less than the amounts of premiums paid. Consumers' statements that they were told "if you surrender the policy you will get your money back" were quite common.



- 4.8.3 In other cases, it is believed that the right information was given to the consumer but it had been forgotten with the passage of time or else optimistically interpreted by him.
- 4.8.4 Some policy holders have stated that had they been aware of the low surrender values, they would not have taken out insurance.
- 4.8.5 In investigating a complaint, it is virtually impossible to establish what is said at the time the policy is being sold, and the only practical solution seems to be the provision of a schedule showing the approximate surrender values at various times during the course of the policy.
- 4.8.6 This schedule should be given prior to the proposal being completed, or else attached to the policy. If attached to the policy, a consumer should have the right to cancel the policy and receive a full refund of the premium for a period after receiving the policy and the schedule if they are not satisfied with the surrender values.
- 4.8.7 There is probably a case for a cooling-off period of, say seven or ten days, to apply to all life insurance proposals.

Misleading Use of the Word "Insurance" in the Name of Insurance Brokers.

- 4.9.1 Investigations have shown that many consumers have been confused as to which company is carrying the risk on their policies. This confusion has led to consumers not realising they have no cover when an insurance company has collapsed.
- 4.9.2 At Part 3, Section 7, the operations of Geneva Insurance Corporation Pty. Ltd. and Sapphire Insurance Company Pty. Ltd. are discussed. The first company is an insurance broker and the second an insurer.

SALE OF DOMESTIC ANIMALS.

- 5.1.1 The purchase of a family pet can often be associated with much disappointment. The Ministry is receiving an ever-increasing number of complaints from consumers who have purchased cats and dogs from kennels, catteries or pet shops and find, shortly after purchase that the animal is suffering from terminal diseases or severe physical defects.

- 5.1.2 The Royal Society for the Prevention of Cruelty to Animals advises that they also receive many complaints about the condition of pets purchased by consumers. Whenever there is sufficient proof of cruelty to the pet, action may be taken under the Protection of Animals Act 1966. Unfortunately, that Act does not give any additional protection to a purchaser of a pet who has been 'conned' by a skilful trader.
- 5.1.3 In the cases of diseases, such as distemper, it would seem that the period of "grace" allowed by the proprietor of the kennel or the pet shop selling the dog is inadequate to safeguard an animal purchaser from disappointment and loss of money.
- 5.1.4 The public are advised to be most cautious when dealing with kennels, catteries, pet shops, to seek confirmation of the "bona fides" of such premises and to ensure that any pet purchased for a large sum of money is subject to a satisfactory examination by a veterinary surgeon of the purchaser's choice.
- 5.1.5 It should also be noted that there is no requirement for any form of vaccination or immunisation of pets being offered for sale. Nevertheless consumers should insist on an immunisation certificate for distemper dated at least three weeks prior to the date of purchase. This is an essential safeguard as it takes about two weeks for the recognisable symptoms of distemper to appear.

#### Pedigree Animals.

- 5.2.1 A further problem refers to the advertising and sale of pedigree pets for show purposes.
- 5.2.2 An advertisement appeared in a newspaper "(Pedigree) pups, reg'd., cute Phone No....." The consumer phoned, then visited a private house in the south-eastern suburbs. She was interested in a pet for a handicapped relative but also wanted it to be pedigreed and suitable for show purposes.
- 5.2.3 On her visit she was shown a pedigreed dog of the type she wanted, and was verbally assured that the dog was a pedigree and suitable for showing. She was also told that the person selling the dog was the breeder.
- 5.2.4 The consumer decided to purchase this dog and paid \$150. She then was handed the dog and the folded pedigree papers.

- 5.2.5 Upon closer examination of the pedigree papers at home, the consumer discovered an endorsement on the top of the paper "Sold as pet only" and also that the person who sold the dog was not in fact the breeder.
- 5.2.6 On the Ministry's investigation it was established that the breeder in the northern suburbs had sold the dog as a "pet only" for \$90 to a man, who in turn passed it on to the woman who sold the dog.
- 5.2.7 The Ministry made enquiries at the Kennel Control Council and established that the dog was still registered in the name of the breeder. It also established that there was some confusion regarding endorsements such as "pet only" on pedigree papers.
- 5.2.8 The Kennel Control Council issued the following advise to breeders in the K.C.C. Kennel Gazette:

"Unfortunately, there is an increasing incidence of breeders selling puppies "on breeders' terms" and/or providing a pedigree certificate endorsed 'Pet only' fully believing this endorsement will protect them from legal litigation if the purchaser should demand the transfer application form to enable the dog to be transferred and participate in Kennel Control Council activities, such as breeding, showing, etc.

The endorsement of the words 'Pet only' has meaning only in those instances where both the vendor and the purchaser are fully aware of the importance of the endorsement. The intention of the majority of persons purchasing a pedigree puppy for the first time is as a family pet, with no intention of participating in breeding or exhibition activity, and because of the lack of understanding of 'expert terminology' agree they are buying a puppy as a pet. They do not realise the real intention of the vendor is to prohibit the puppy from being used for breeding or exhibition activity, if they should decide to become interested at some future time.

It generally follows that as the beautiful bouncing puppy matures, a well-meaning canine enthusiast, seeing the puppy and owner out walking, encourages the owner to become

involved in breeding or exhibition activity. At this stage the owner endeavours to register or transfer the puppy into his name, fully believing he/she is entitled to do so and so becomes involved in considerable frustration, heartbreak and threats of legal action only because he/she did not appreciate the importance of the words 'PET ONLY'.

We therefore wish to emphasise to all breeders that the term 'PET ONLY' has meaning only in those instances where it may be proven that both the vendor and the purchaser are aware of the importance of the terminology. The vendor should for undisputable protection, endorse the receipt and the pedigree certificate (if applicable), with an endorsement similar to the following:

'Sold as not suitable for breeding and exhibition purposes and without documents'.

This endorsement provides little, if any, possibility for misinterpretation of the intention of the vendor for the terms of sale and of the conditions accepted by the purchaser.

The increasing incidence of the misunderstanding of the intention of both the vendor and purchaser is creating concern in the Kennel Control Council office and may result in adverse decisions being made unless you take positive action to protect yourself."

- 5.2.9 This advice of the Kennel Control Council does not, however, go far enough to protect consumers.
- 5.2.10 A dog advertised as "pedigree" implies that a pedigree is an advantage, e.g. for showing or breeding, and is generally priced higher than another dog of the same breed, which may have a pedigree but, for physical or other reasons, is not suitable for showing or breeding.
- 5.2.11 The example advertisement referred to above using the words "Pedigree pups, Reg'd." when no documents are given or the documents are annotated "Pet only" is deliberately misleading and may be in breach of the Consumer Affairs Act and Trade Practices Act.

Sale of Horses.

- 5.3.1 In the period under review, many people were "taken for a ride" in their purchase of a horse. The suburban mother and father are a ripe target for the unscrupulous horse dealer. Many complaints show that horses have been misrepresented as to age, physical condition and suitability for riding.
- 5.3.2 The Ministry has received reports that a small number of dealers purchase stock at markets, the stock originating from interstate. Prior to presenting the stock to the public, they drug the animals with such medications as valium in order to make the horses more docile and therefore acceptable to the average suburban "Sunday rider".
- 5.3.3 The public are advised that should they wish to purchase a horse, the bona fides of the dealer should be established, the sale made subject to a veterinary inspection and perhaps advice be sought from outer suburban pony clubs and breed associations.

"LIQUIDATION SALE" OF IMPORTED FURNITURE.

The following advertisement appeared in the "Sun" advertising in bold letters a "Liquidation Sale".

# LIQUIDATION SALE

**OPEN EVERY DAY INCLUDING SAT. & SUN. 9 A.M.-5 P.M.**

THE TERM LIQUIDATION SALE IS USED STRICTLY IN THE SENSE THAT WE ARE TURNING STOCK INTO CASH (WE ARE NOT GOING INTO LIQUIDATION AS ASSOCIATED WITH INSOLVENCY). WE ARE A FIRM OF IMPORTERS WHO BYPASS THE MIDDLE MAN AND SELL DIRECT TO THE PUBLIC AT WHOLESALE PRICES IN ALL CAPITAL CITIES. THIS SALE STARTED AT 9 A.M. FRIDAY 2-12-77 AND WILL END AT 5 P.M. MONDAY 18-12-77. STOCKS ARE LIMITED ON ALL ITEMS — SEE TODAY.

- We are now in our third year of conducting short term (10 or 17 day) sales in all Australian Capitals.
- Our firm is the largest Australian importer of furniture from Taiwan.
- Taiwan has been making top quality furniture for the American market for over 25 years.
- We buy only top quality furniture from Taiwan's leading manufacturers.
- No chipboard — no staples, solid teak you will be proud to own.
- Wall Units — Secretary Desks, Executive Desks — Gun Cabinets — Antique Telephones, hand painted China vases and lampbases.

COMPARISON PRICES OBTAINED DURING LAST 3 MONTHS — IDENTICAL GOODS

DEPARTMENT STORES	OUR PRICE	YOU SAVE
54 in. Roll Top Desk, \$835	\$475	\$360
Mobile Bar, \$699	\$325	\$374
Counter Bar, \$1000	\$725	\$275
Dining Suite, \$1750	\$1215	\$535
China Cabinet, \$1125	\$715	\$410
Executive Chair, \$275	\$180	\$95



### Grandfather Clocks

Stately Grandfather clocks — three models, stand 72 in. high. West German movement — fully guaranteed one year.

**\$425**



### China Cabinets

Teak wood, walnut or mahogany. Spanish and Mediterranean style, stands 80 in. high, 66 in. wide, 19 in. deep. A beautiful unit to display fine china or books.

From \$715

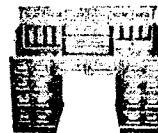
## IMPORTED FURNITURE



### DINING SUITES

Oval or rectangular. Table extends from 60 in. x 42 in. to 96 in. x 48 in. to 96 in. x 42 in. — 8 chairs (2 carvers, 6 side), solid teak, wood, or walnut, or mahogany.

From \$995



### ROLL TOP DESKS

Roll top desks: Cutler style marble inlay on desk top — dovetailed cam-puller wood drawers — selected teak.

From \$425

We are the original importers of the above furniture.

**1-19 Sandilands St.,  
South Melbourne (off Albert Road)  
Phone: 63-6487**

- 6.2 To the average consumer this statement implied that the advertiser is proposing to cease trading and therefore sells his stocks at reduced prices in order to wind up his business. Only few consumers would read the smaller print in the advertisement, which states:
- "The term liquidation sale is used strictly in the sense that we are turning stock into cash (we are not going into liquidation as associated with insolvency)....."
- 6.3 The Ministry considers that such advertisements are misleading to the public.
- 6.4 Furthermore, investigations did not satisfy inspectors of the Bureau that the savings as mentioned in the advertisements are an accurate statement of savings in comparison with department stores prices. This indicates a further attempt to mislead the public.
- 6.5 There were also some allegations that deposits had been paid at the sale but the furniture had not been delivered.
- 6.6 The above advertisement does not show the name of any company or trader, but only the address where the sales are being conducted. Once the sale is finished at the advertised address, a dissatisfied consumer has no method of tracing the actual vendor of the goods. The Ministry established that the advertisement was authorised by a Mr. B. Thompson of 121 Brunswick Street, Fortitude Valley, Queensland. The complaints lodged in relation to purchases made as a result of the advertisements were against a firm of importers, Thompson and Humphries, of the same address.
- 6.7 As with all firms who trade from interstate offices, it becomes extremely difficult for consumers to follow up their orders or obtain refunds. Quite often they have to wait until some time in the future in the hope that the firm will re-appear in Melbourne to have another sale.

- 6.8 Consumers intending to purchase this type of imported furniture advertised in this method are advised to take every precaution that the firm they intend buying from has a permanent office in Melbourne so that in the event of an order being unfulfilled, or some fault developing with the goods, they can make a complaint to a locally based firm rather than some interstate based importer who has placed the barrier of distance between himself and his client.
- 6.9 Consumers should not leave deposits on goods that are ordered at this type of sale. If a purchase is made, then payment should be agreed to only on a C.O.D. basis, otherwise delivery should be taken immediately at the sale and only after a thorough examination of the goods.
- 6.10 The best advice, however, is - do not buy from any trader who does not show his name and address in the advertisement. Beware of traders using premises on a short-term basis. If traders are operating from interstate, be doubly careful unless there is an established branch in Victoria who will honour warranties and give redress for faulty goods.

#### ELECTRONIC HAIR REMOVAL.

- 7.1 Unwanted hair is a nuisance for most women, but for some it can be a major and distressing problem. Complaints about electronic hair removal methods all have a similar cause. Clients undertake the treatment in the belief that it will be permanent but find, after considerable financial expenditure, that there is no appreciable lessening in superfluous growth. In cases reported, the costs have varied from approximately \$250 to \$2000. When the consumers expressed reservations about the treatment, they were then told failure was due to some individual physical or medical characteristic.
- 7.2 The Ministry advises those people considering a course of "permanent hair removal" to first consult their doctor as there may well be some medical condition causing the hair growth, thus making the treatment ineffective. On the other hand, the Ministry is not yet convinced that such electronic hair removal treatment can produce a permanent solution for anybody.



- 7.3 It is understood that the Health Department is investigating the effectiveness of this treatment.

CREDIT NOTES.

- 8.1 The problems associated with the issuing of credit notes by retailers are considerable. Most such problems arise in the clothing and footwear retail trade.
- 8.2 An analysis of some complaints involving the issuing of credit notes shows that many retailers failed to communicate properly the conditions under which they issued the credit notes. In other cases, retailers tried to abrogate their responsibilities by the use of credit notes.
- 8.3 A number of retailers have displayed a sign "No exchange or refund" in their shops. From observations made by inspectors, such signs are usually displayed above the eye level or in an obscure part of the store, which makes them hard to see. Consumers who return goods to such stores are then referred to the signs and the only choice given to them, irrespective of the reasons for the return of the goods, is the acceptance of a credit note.
- 8.4 The principles advocated by the Ministry are that if a store adopts a policy of "no exchange or refund", then this information should be clearly conveyed to the consumer prior to his committing himself to the purchase of any goods. Furthermore, retailers should realise that even when such a policy is conveyed to the purchaser, it does not discharge the retailer from all his responsibilities.
- 8.5 If the goods purchased are faulty, or of a different nature than that represented to the purchaser by the sales staff, then consumers have the right to return the goods to the store and obtain a full cash refund. They should not be subjected to any demands to accept a credit note, even if aware of the store's stated policy. When goods are not of a merchantable quality, full refund must be given unless the purchaser agrees to accept a credit note.
- 8.6 The situation, nevertheless, is different whenever the goods are of a merchantable quality and have been

returned because the consumer did not exercise sufficient care in choosing them, or there is a change of mind after getting home. In such cases the Ministry accepts that it is at the discretion of the retailer whether or not the goods should be exchanged for more suitable ones or a credit note, or even a cash refund given.

- 8.7 A further problem associated with credit notes is that the conditions under which they can be redeemed are not clearly stated to consumers. Some consumers have found that retailers have refused to honour credit notes on the grounds that they are out of time or too old. Allegations were made that consumers were never informed of such limitations at the time the credit notes were issued. Investigations revealed that some retailers have issued credit notes which had to be redeemed within a fortnight.
- 8.8 It is the responsibility of each retailer to make it quite clear to consumers the length of time in which a credit note is valid. The time limit should be of reasonable length and take into account the nature of the goods the consumer wants to select, as well as the range available from the particular store. In any case, such length of time should not be less than six months.
- 8.9.1 At the time of writing this Report, a number of complaints have been received in connection with credit notes which indicate that some retailers have adopted an extremely unreasonable attitude towards cash refunds as opposed to the issuing of credit notes. The following three examples illustrate this situation. It goes without saying that in each of the three cases a full cash refund should have been made immediately to the purchaser.
- 8.9.2 A woman purchased a pair of jeans priced at \$26 from Denim Discounts (a business name of T. and J. Grayson Nominees Pty. Ltd.), of 215 Swanston Street, Melbourne. In error the amount of \$28 was rung up on the cash register and she was given only \$2 change out of \$30. When she objected the store agreed a mistake had been made but refused a further \$2 change, informed the customer that "it was not the store's policy to give cash refunds", and despite her protests would only issue a credit note for \$2. A refund of \$2 was made after representations from the Ministry.

- 8.9.3 A woman purchased a pair of shoes with a price tag on the sole of \$37.99 from Snobb International (a business name owned by Mister Figgins Pty. Ltd.) of Doncaster Shoppingtown. When the Bankcard slip was filled out, the price was listed as \$47.99. The customer noted the error that night and drew it to the store's attention the next day, requesting that an alteration slip for \$10 credit be forwarded to Bankcard. The store refused to do this, and would only issue a credit note for \$10 to be used against any other purchase in the store. The Ministry had the matter corrected.
- 8.9.4 A girl tried on slack suits at House of Jarowa (a business name of Jarowa Retailers Pty. Ltd.), 292 Collins Street, Melbourne, but could not quite achieve a perfect fit. The salesgirl advised that several suits could be obtained of a different brand from one of their other stores and would be available that afternoon. The customer agreed, and on the salesgirl's request, paid \$10 deposit.

She returned that afternoon and tried several other suits, but could not get a proper fit. On requesting a refund of her \$10, she was told there were no refunds on "lay-by". The customer maintained that it was to be a cash purchase and there was no intention to lay-by anything. A refund of her deposit was refused. The consumer took this case to the Small Claims Tribunal, where an order was made.

- 8.10 The Ministry is currently discussing the development of guidelines to retailers on the issuing of credit notes with the Retail Traders' Association of Victoria.

#### PROFESSIONAL SERVICES.

- 9.1 During the year there were 284 complaints involving professional services, an increase of 79% over the previous year.

##### Legal Profession.

- 9.2.1 During the year 53 complaints were received involving the legal profession and virtually all of these simply required clarification, indicating a need to improve communication between the solicitor and his client.
- 9.2.2 Most complaints were referred to the Law Institute of Victoria for investigation and advice. The valuable assistance and co-operation the Ministry

received from the Institute enabled a speedy resolution and clarification of the problems.

### Dental Profession.

- 9.3.1 Again this year the dental profession generated the greatest number of complaints within the professional area. During the period under review the Bureau received 67 complaints. The majority of these complaints involved the cost and fitting of dentures and the charges incurred for the various other dental services received by a patient.
- 9.3.2 Complaints involving the fitting of new dentures usually centre around the issue that patients experience discomfort before they can get used to their new dentures. They usually attribute it to faulty fitting and design of dentures. The number of these complaints suggest that, generally speaking, dentists fail to prepare their patients properly for any potential discomfort associated with the fitting of dentures.
- 9.3.3 The other area which contributes to dental complaints refers to charges for dental services and reflects a sceptical attitude of consumers in this area. This conclusion is based on the number of complaints received, as well as the number of telephone enquiries which are not recorded as complaints. No other profession generates such a high number of enquiries from the public as does the dental profession.
- 9.3.4 Although there are no recommended fees for professional services generally, there do exist certain avenues by which it can be established as to whether or not fees are reasonable. With the legal profession the Solicitors' Remuneration Order provides a scale of charges in addition to the services of the Taxing Master. The medical profession has no compulsory scale of fees; however, medical services are covered by the National Health Schedule and the Australian Medical Association, which set out recommended fees for any type of medical service. There is no equivalent scale of standard charges in the dental profession, which leaves the public open to the suspicion that unscrupulous dentists will charge whatever the market will bear.
- 9.3.5 Inspectors are not qualified and do not attempt to evaluate the quality of work done by dentists. However, with the co-operation of the Australian Dental Association it is considered that an equitable evaluation and resolution of complaints is achieved.

### Medical Profession.

- 9.4.1 The medical profession attracted twenty complaints and many telephone enquiries.
- 9.4.2 Again the question of fees was paramount, as an overwhelming number of enquiries and complaints related to charges. The majority of allegations related to specialists and pathological services and revealed that in this section of the profession consumers are rarely informed in advance about the cost of the service. Many consumers have therefore the tendency to view the final bill with suspicion.
- 9.4.3 The medical profession should be able to disclose to consumers the fees which are likely to be charged. This is the best method to reduce the growing dissatisfaction in our community, which is reflected by the continuous enquiries to the Ministry. Failure to do so is tantamount to a fraud on patients, who can have the ill fortune to be given a referral to a specialist who charges grossly in excess of the schedule fee on which medical benefit fund rebates are assessed.

### DOOR TO DOOR SALES.

- 10.1 The number of complaints on door to door sales has again increased:
- |              |               |                |
|--------------|---------------|----------------|
| 1975/76 - 84 | 1976/77 - 108 | 1977/78 - 188. |
|--------------|---------------|----------------|
- 10.2 A number of companies share the market, and the products sold vary from glory box items to fire alarm systems, and include re-roofing, cladding, cameras, films, photographs, magazines, books, encyclopaedias, saucepans, cutlery and crockery.
- 10.3 The sales methods of most of these firms are, to say the least, suspect. Complaints received have indicated that the companies concerned adopt unethical policies, and as their home office is usually based interstate, "the further away from the point of sale the better" seems to be the marketing motto.
- 10.4 Discussions with some company representatives have indicated that companies are either unwilling to exercise any control over their sales representatives or indeed have no control over them. Similar discussion with representatives of some firms has

revealed that they have no knowledge whatsoever of the provisions for door to door sales contained within the Victorian Consumer Affairs Act.

- 10.5 It is often alleged by complainants that the salesman has -
- Misled the consumer as to his identity -  
"I'm an overseas student earning points to go back home";
- Misled the consumer as to the guarantees -  
"These products have a life-time guarantee";
- Misled the consumer as to the contents of the article - consumers are shown a prospectus but no explanation of the contents of the book or magazine.
- 10.6 Other allegations have been made that goods ordered from door to door salesmen have been delivered after excessive delays or have not been delivered at all. There is also sufficient evidence that many door to door salesmen completely disregard the provisions of the Consumer Affairs Act regulating door to door sales transactions, either of their own volition or because of ignorance due to omissions during their training by the company.
- 10.7 During the year under review, the Ministry investigated alleged breaches under the Door to Door provisions of the Act and instituted proceedings on 22 charges.
- 10.8 Consumers should be very careful in their dealings with door to door sales people and should make themselves aware of their own rights and not depend on the salesman to advise them of their rights.
- 10.9 The Ministry has copies of two papers entitled "Door to Door Sales" and "Door to Door Sales Tricks", both of which are available on request from the Bureau for schools, associations and other interested bodies.
- 10.10 It is stressed that the complaints received rarely, if ever, refer to companies who are members of the Direct Selling Association of Australia. The code of ethics adopted by this Association and the obligation of its members to observe this code is no doubt the reason for the very few complaints.

TRAVEL INDUSTRY.

- 11.1 Holidays for the most part leave one with pleasant memories. Unfortunately, for a few who lodged the 116 complaints during the year, the experience was dimmed by confusion over air fares, travel insurance, baggage loss and inadequacies in the tour itself.
- 11.2 Overseas air travel is governed by regulations promulgated by the International Air Travel Association and other rules under the Air Navigation Regulations. The public in the main are unaware of these, and often complain to the Ministry about the seemingly harsh conditions imposed when, for instance, an advance purchase air fare is cancelled.
- 11.3 While it must be said the airlines take pains to set out conditions to be followed when purchasing such fares, travel agents, whether by oversight or ignorance, often fail to pass this information on to the client, thus contributing to the dissatisfaction by this negligence.
- 11.4 To lose one's baggage can be frustrating, to say the least, but several consumers who complained to the Ministry were in for a greater surprise when applying for compensation. In one instance, a bag containing in excess of \$900 parachuting equipment went astray. The consumer was offered \$264.30 compensation. By the terms of the Warsaw Convention every passenger ticket states the carrier's maximum liability in the event of lost baggage is U.S.\$20 per kilo. Settlement was thus based on lost weight. Of course, if this regulation were not enforced the way would be open for scurrilous claims; however, the agent should ensure that consumers are aware of this provision so that they can take out additional insurance.
- 11.5 Many complaints have been received from consumers whose holiday, whether overseas or within Australia, did not come to the standard as depicted in the glossy travel brochures. Some complaints were sometimes an expression of subjective likes or dislikes, but others revealed a justified grievance. In one case, a member of a tour group who had had the good fortune to have previously travelled overseas, had to take over as a virtual guide, instructing the driver as to the route, location of the hotels, etc. Such lack of expertise is inexcusable in situations where people are fully dependent on their

guide for enjoyment, well being, or even safety. A "fully escorted tour" does not mean someone from the agency on a junket who has not been there before.

- 11.6 Some consumers expressed a genuine and justified indignation in relation to the limited liability accepted by some tour operators. What made matters worse was that this limitation was not brought to their attention until unforeseen events made it necessary to seek help or redress on a particular matter.
- 11.7 It is essential that potential travellers read carefully the "terms and conditions" set out in the brochures.
- 11.8 Many of the complaints relating to the industry within Australia involve refunds in accommodation houses, hotels, motels and caravan parks. No single policy relates to such refunds, and again, consumers are advised to ask about this if the information is not volunteered by the booking agent.
- 11.9 The majority of complaints in the travel industry could be avoided if proper lines of communication were maintained between the provider of the travel service and the user, and all conditions, rights, and restrictions were properly explained.

#### DEPOSITS PAID ON RETURNABLE BOTTLES.

- 12.1 Over the past year there has been a small but regular flow of complaints from consumers who have been refused a refund of a deposit on a returnable bottle or who have been advised the refund is conditional on their purchasing another bottle of soft drink, or have been offered sweets to the value of the refund in lieu of cash.
- 12.2 It would not be unreasonable to assume these complaints are indicative of a significant problem facing consumers and part of a larger problem concerning the environment.
- 12.3 When a retailer purchases bottles from a manufacturer, he is required to pay a deposit on each bottle and this cost is in turn passed on to the consumer. In theory the consumer returns the empty bottle to the retailer and receives a refund of the deposit he initially paid. The retailer then returns the



bottles to the manufacturer and is reimbursed.

- 12.4 In practice there are some difficulties. Retailers claim they are inadequately compensated for the work involved in handling and sorting bottles, and where these bottles are purchased elsewhere, no compensation is received. To get some compensation when bottles are purchased elsewhere, the shopkeeper claims he is entitled to stipulate that goods or sweets be taken in exchange for the bottle, or otherwise a handling fee may be deducted from the deposit charge.
- 12.5 In the absence of governing legislation, the Ministry has advised the Retail Confectionery and Mixed Business Association that where bottles are returned to the point of purchase, full cash refunds must be given. In their journal "The Milk Bar" (September 1977) the Association endorsed this view. Consequently the public is advised to return such bottles always to the shop where they have been purchased.

## REPAIRS - HOUSEHOLD APPLIANCES AND WATCHES.

### Household Electrical Appliances.

- 13.1.1 The Ministry has received 352 complaints over the period under review in regard to repairs to electrical household appliances. The complaints encompass a wide variety of faults, including unsatisfactory and negligent workmanship, fraudulent practices, costs exceeding the quoted amounts, unauthorised additional work and delays due to alleged "unavailability of spare parts".
- 13.1.2 Most of the complaints were directed against "independent repairers". Those which were directed against repair establishments controlled by the manufacturers of the appliances referred, as a general rule, to lesser problems and could be resolved in a speedier and more satisfactory manner.
- 13.1.3 Nevertheless, the fact remains that the consumer is almost totally reliant on the integrity of repairers when seeking advice on what repairs need to be performed, and the actual performance of the work contracted to be done.

### Spare Parts for Household Appliances.

- 13.2.1 About 20% of electrical appliance repair complaints referred to delays where the repairer had claimed that he could not proceed because of unavailability of spare parts. Such allegations are usually followed up with manufacturers in order to verify the explanations given by repairers. It seems that availability of certain parts to repairers depends not only on the policy adopted by the manufacturer, but also on their marketing and delivery arrangements. Some manufacturers claimed that they maintained spare parts for periods ranging from seven and ten years and some claimed that their forward orders were up to one year ahead in order to ensure reasonable stocks in relation to an expected demand.
- 13.2.2 One large retailer of parts stated that occasionally he experiences a shortage as there appears to be a run on some parts at unexpected times. Another advised that he believed there was no shortage of spare parts but that often incompetence on the part of the service person created a shortage in a workshop.
- 13.2.3 There appears to be no consistent pattern but it is accepted that in some instances repairs were delayed through unavailability of spare parts.

### Waterproof Watches.

- 13.3.1 Consumers with watches that were sold as "waterproof", "water resistant" or "water protected", have complained that after service by some jewellers or repairers the watches had lost that particular quality.
- 13.3.2 In one case, a consumer had a lady's watch serviced at a cost of \$25 and, as was her habit, wore it while swimming. When the watch malfunctioned, she returned it to the jeweller concerned who advised that she should have asked for it to be waterproofed at a further cost of \$22.
- 13.3.3 Investigation by the Ministry revealed that a general service or cleaning of a watch does not include replacing any waterproofing, which is an additional and separate chargeable service.
- 13.3.4 As several complaints were received on this issue, a definite lack of communication between consumer, jeweller and watch repairer became apparent.

13.3.5 The Ministry contacted the Horological Guild on this issue, with the result that all its members were circularized with the following memorandum. This is included to advise consumers of the situation.

"Dear Member,

Our branch has had a number of discussions with the Bureau of Consumer Affairs in reference to watches and watch cases marked - waterproof, water resistant, and water protected. Many of the complaints laid, state that after the watch was serviced it allowed water in or moisture under the glass, thereby causing further repairs having to be done to the watch. These complaints are attributed to all watchmakers in general (Guild members and non-Guild members) alike.

Through these discussions it has been recommended that a definite approach be made by watchmakers or whoever is responsible to accept repairs on behalf of watchmakers from the general public as follows: If the watch case or dial is marked waterproof or water resistant or water protected, the client should be given the necessary explanation to protect the watchmaker.

A. Waterproof watches. It is suggested that a service charge be given for the overhaul of the movement only without making any service to the case. If the client requires it to be waterproofed, an extra charge covering this case service including seals, glass, O-ring, crowns, etc. be added to the movement service charge.

B. Water resistant and water protected cases. The same procedure regarding the movement but if the client requires the case to be as water resistant or water protected as it is possible to make allowing for the design of the case, then an extra charge will be added to the service of the movement to include glass, gaskets, crown, etc., pointing out that it will only be water resistant or water protected to the extent that the case design will permit, but will not be water proof.

Yours sincerely,

President. "

- 13.3.6 It is the Ministry's view that if a watch is marked with a waterproof, water resistant or water protected mark (vague though the terms may be) a consumer should be able to assume that any servicing does not affect this quality, unless it is specifically drawn to their attention and they agree to it.

### UNDESIRABLE VENDOR TERMS

#### REAL ESTATE SALES.

- 14.1 The Ministry of Consumer Affairs is receiving an increasing number of complaints and enquiries from consumers concerning homes they are purchasing on vendor terms.
- 14.2 Unfortunately in most cases the Ministry is unable to assist these people, other than give them a thorough explanation of their contracts and the obligations they have incurred.
- 14.3 As with many other consumer complaints no existing laws have been broken in such a transaction although any reasonable man would have to agree that at least one party to the transaction conducted himself in a most unethical manner.
- 14.4 An analysis of complaints and enquiries shows that:
- . Purchasers have little or no cash.
  - . Houses are offered on minimum low deposit, i.e. \$1000-\$2000 deposit on a property offered at \$30,000-\$40,000.
  - . The vendor or his agent arranges the finance.
  - . Transactions proceed at almost indecent haste.
  - . One and the same solicitor or firm of solicitors act for both parties.
  - . Houses have a grossly inflated price.
  - . The terms usually attract people on low incomes who have difficulties in saving a higher deposit.
- 14.5 The events leading to a complaint usually take the following course:

A consumer sees an advertisement offering a home at a low deposit of between \$1000-\$2000. No cash price is stated. The consumer is shown the property and is pressed to sign a sale note immediately. The sale note is unconditional, claimed to be binding, and contains the barest details.

The sale note contains a brief description of the property, the price, deposit, weekly repayments, interest rates and the period of the loan, usually five years. There is no indication of what the balance will be at the expiration of the loan.

- 14.6 One recent example concerned a home with a price of \$29,950. After deduction of \$1,200 deposit, the principal was \$28,750 repayable at \$72 per week over a period of five years, the balance then being due. The interest rate was 12% reducing quarterly. In the first quarter the consumer paid \$936 ( $\$72 \times 13$ ). However, the interest charges for the quarter amounted to \$862.50, therefore he had reduced the principal by only \$73.50. In the second quarter of his payments of \$963, only \$75-50 would go towards reduction of principal. This would continue and at the end of the five year period the purchaser would have paid \$18,720 although the principal would still be \$26,775. In other words, of the \$18,720, \$16,745 would have been paid by way of interest to the vendor.
- 14.7 Cases have been reported to the Ministry of homes being sold at prices between \$45,000 and \$50,000, on very small deposits and with weekly repayment rates which barely cover the interest, so that at the end of the vendor terms period the amount to be refinanced is only marginally less than the original purchase price.
- 14.8 Prices of homes in this class of transaction are usually inflated. With the minimal deposits charged it is not uncommon for the purchase price to be raised up to \$10,000 above the price for a cash sale.
- 14.9 Due to the inflated purchase price as opposed to the actual market value of the house, the purchaser may experience real difficulties when attempting to re-finance the property after five years time, especially if little principal has been paid off. He is faced then with the choice of re-financing again at an exorbitant interest rate or with a forced sale which may not even cover the outstanding debt.

- 14.10 Usually the contract contains penalty clauses providing for a higher interest rate if there is a delay in repayments. Should such an event occur, then the principal may not be reduced at all during the term of the contract.
- 14.11 In many instances the transaction is finalised at an amazing speed. The contracts are finalised almost within a few days after the signing of the sale note. This does not give the purchaser any time whatsoever to obtain independent advice. In addition the purchaser does not have a solicitor of his own and accepts the one suggested by the agent or vendor. That solicitor in turn is usually acting for the vendor. In such circumstances it goes without saying that whenever a problem arises between the parties, the solicitor must be faced with conflicting interests.
- 14.12 In such circumstances the solicitors regard it as their only duty to see that the vendor can transfer title as set out in the sale note, detail adjustments of rates, etc., but do not act as advisers to the purchaser by explaining to him all the repercussions of entering into such a contract.
- 14.13 It is the Ministry's experience that in any situation of conflict the purchaser's interests come a poor second and the ethics of agents and solicitors who promote this situation are to be condemned.
- 14.14 Many purchasers would have been better off renting a property for a few years until they had saved a reasonable deposit for their home purchase, rather than enter into the type of transaction discussed in this section.

#### RURAL INVESTMENT SCHEMES.

- 15.1 In the Annual Report for the year ending June 1975 the following statement was made:

"A number of Forest Plantation Schemes have been operating successfully on a co-operative basis for a number of years providing adequate plantation management and established marketing outlets. Nevertheless, the number of new organisations entering the field are causing concern to the Ministry as investigations made by the Bureau have revealed instances of misrepresentation as to returns on investments."

- 15.2 The fears expressed in that Report have materialised in the year under review, not only in relation to forest plantation schemes, but also similar other rural schemes.
- 15.3 The schemes require the consumer to pay money for land, often on undivided shares, together with purchase of pine trees, nut trees, or even livestock. The trees are then to be planted, or the livestock grazed, hopefully maintained and cared for by the promoter and eventually sold at a profit.
- 15.4 However, the claimed financial returns are often inflated, setting a trap for the gullible investor. It has been found that in some cases the land was completely unsuitable for the proposed scheme. In one scheme, the promoting company did not own the land it was selling to investors, and it could not be ascertained whether the directors planned to buy the land with the money they received from the investors.
- 15.5 Over the last few months a number of Victorians have received cards in their letter boxes offering participation in a project involving the growing of trees in an area in Western Australia to produce nuts. The promotion was by Nut Farms of Australia Pty. Ltd. The Department of Agriculture in Perth have advised that irrigation would be necessary in this area if the nut trees are to be successfully grown; however the potential of water storage to allow irrigation is limited.
- 15.6 The Department has also advised that the marketing potential of the nuts is still uncertain. As at the date of writing, the Western Australian Government has revoked the licence given to Nut Farms of Australia to clear the property to plant nuts.
- 15.7 Potential investors in any of these schemes, whether they be nut farms or forestation, should not subscribe any money until they are certain that the company promoting the scheme has the necessary approvals, the land is suitable for the use proposed, that there are avenues for selling their shares should they need to, and that the claims of the promoters can be substantiated in terms of demand for the product and profitability.
- 15.8 Where shares relate to land which is undivided and separate titles are not issued, the investors' opportunities for disposing of the land are very

limited and would depend on finding another buyer who would participate in the project on the same basis as the original investor.

- 15.9 In all cases investigated by the Ministry, the location of the investment property was outside Victoria, making it extremely difficult for the investor to check the representations made by the promoter.
- 15.10 A number of such investment schemes are currently under investigation by the Fraud Squad.



PART 3.TRADERS WHOSE ACTIVITIES OR ATTITUDESWARRANT SPECIAL MENTIONHOME RENOVATIONSKlad Aluminium Pty. Ltd. of 227 Burwood Road, Hawthorn

- 1.1.1 The Directors are Cyril Kenneth William Kitts and Muriel Joyce Kitts.
- 1.1.2 In the last Annual Report the activities of the company were mentioned as complaints were received in relation to the following areas :-
- Poor workmanship;
  - Failure to rectify faults despite repeated requests;
  - Failure to complete jobs and supply fly screens;
  - Deception and underhand methods involved over finance available and rates of interest, including alleged pressure sales tactics;
  - Failure to obtain building permits from Municipal Councils and Certificates of Satisfaction on completion of the job from consumers.
- 1.1.3 The Report ended on the note that the Managing Director gave an undertaking to the Ministry to investigate any outstanding complaints and institute remedial action. Unfortunately, the undertakings given were not fulfilled.
- 1.1.4 This company markets and installs aluminium cladding and associated products.
- 1.1.5 Inspectors of the Bureau subsequently held discussions with the manufacturer of the products marketed by Klad Aluminium Pty. Ltd., who approached all complainants in order to resolve any outstanding complaints. The manufacturer quite rightly felt that he had to protect the name of his product which was constantly suffering because of the irresponsible attitude of Klad Aluminium Pty. Ltd.

- 1.1.6 The manufacturer has now advised the Ministry that they have terminated their franchise agreement with Klad Aluminium Pty. Ltd. in accordance with a clause of their agreement relating to customer complaints.

Mr. Norman Frank Blundell

- 1.2.1 Some years ago the Ministry received complaints from consumers concerning their dealings with the company Realistic Brick Pty. Ltd. of 10 Darvall Street, East Doncaster. The directors of the company are Vida Joyce Blundell and Norman Frank Blundell.
- 1.2.2 It was impossible to resolve those complaints as Mr. Blundell refused to co-operate with the Ministry or with consumers.
- 1.2.3 In the year under review, Mr. Blundell's activities in the area of house cladding again came to the attention of the Ministry. In addition to the original company, Mr. Blundell is also involved with -
- Vina Brick Industries Pty. Ltd.  
Babinda Pty. Ltd.  
Frank Blundell Pty. Ltd.
- 1.2.4 Mr. Blundell is using a most unethical method in soliciting business for his companies. One consumer who approached the Ministry about Mr. Blundell stated -

"My wife and I got back from work and on opening the front door found a hand-written note (see below) asking us to ring a number, signed by a Nita Walsh. My wife rang the number thinking it could be a matter concerning one of the organisations we are involved with. Nita Walsh asked my wife if she is interested in a new product to cover our weather-board house. Jane (wife of consumer) made it quite clear that if it was brick cladding we were not interested. She told her that it was a new brick, so my wife agreed to see it and asked her to ring us up to arrange an appointment to view the product. On the afternoon of Sunday 17th, Mr. Blundell and his son Frank Blundell came to our house without informing us beforehand.

They showed us their product which was brick

cladding and then took us to see some homes that have been done around our suburb."

*I called on you today but unfortunately you were not at home could you please phone me this evening between 5-8 thanking you  
Nita Walsh 8424612.*

- 1.2.5 Allegations were also made that Mr. Blundell misled the householder as to the company he represented, claiming that he was the actual owner of the cladding material manufacturing company.
- 1.2.6 During a meeting between inspectors of the Bureau and Mr. Blundell, he openly admitted that he and his wife use various aliases when dealing with prospective clients. The hand-written note signed by Nita Walsh was actually written by Mr. Blundell's wife.
- 1.2.7 Consumers should beware of such salesmen as Mr. Blundell who use bogus names and give misleading information about the companies they represent in their sales talk, as well as claim directorships of companies over which they have no control.

Cuthbertson, who also uses Aliases of Brody, Trevillian and Others

- 1.3.1 Consumers who want to renovate their homes and come across an advertisement as the one reproduced below may well be forgiven for believing that they will deal with a reputable tradesman.

**ALTERATIONS**

**HOUSE  
ALTERATIONS**

<p><b>RENOVATIONS</b> <b>REPAIRS</b> <b>ALUMINUM WINDOWS</b> <b>FITTED</b> <b>EXTENSIONS</b> <b>BRICKWORK</b> <b>REBLOCKING</b></p>	<p>• <b>KITCHENS</b> • <b>BATHROOMS</b> • <b>EN SUITE</b> • <b>PATIOS</b> • <b>CARPORTS</b> • <b>GARAGES</b></p>
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All types of timber fencing.  
We even totally remodel houses.  
Expert in painting, wallpapering and tiling.  
No matter what your problems or requirements we can help you.  
*We also specialise in custom-made pine furniture for kitchens, cocktail bars, lounge suites or any other requirements you may have.*

**ALL WORK GUARANTEED.**  
**FREE QUOTES.**  
**SPECIAL RATES PENSIONERS.**

**BRODY 720 1319**

1.3.2 The complaints received from consumers who employed the services of Mr. Cuthbertson (Brody, etc.) tell a different story. A complainant's letter stated -

"From the first day of work to the present time innumerable problems have arisen which perhaps may be best most succinctly expressed in point form:

- Inconsistent working hours, ranging from a few short hours per day to frequent total absences.
- Failure to comply with the initial agreement of work completion within 10 days. Each time this factor is drawn to Mr. Brody's attention he retorts with 'just a few more days'.
- Poor workmanship. Cabinets do not fit properly, nails are quite visible, doors are difficult to open, light fittings are inappropriately located, etc. On entering the kitchen area one gains the impression that it has been slapped together by a handful of lazy inexperienced men.
- Constant harrassment to pay the balance of the money owing to Mr. Brody. As a result of these bullying tactics over \$1,000 has

already been paid.

- Frequent aggressive behaviour with intermittent threats to tear up the kitchen and walk out on the job.
- Work tools are strewn throughout the living area and outside patio. Of major importance is the fact that this has caused considerable damage to our cork tiled floors."

- 1.3.3 Furthermore, the Ministry has established that as a few aliases are being used, consumers are sometimes not aware that they are dealing with one and the same man under three different names. The aliases are Brody, Trevillian and John Eric Cuthbertson, as well as some others. At this stage it cannot be said under which name the tradesman will appear.
- 1.3.4 Mr. Cuthbertson was convicted at Oakleigh Court on 27 charges of theft by deception and sentenced to 162 weeks of imprisonment. At the time the complaints were received, he had been released pending appeal.
- 1.3.5 Services were often advertised in daily papers. For example, The Age, 29th March 1978 -

**BUILDER.** Specialises in renovations. Kitchens, bathrooms and laundries. Walls pulled out, doorways made. For free quotes, 7 days per week phone, 720 1319.

**GARDENING.** Trees grubbed and pruned, lawns mowed, general gardening and maintenance done, quick and reliable men. For free quote, phone 720 1319.

**PLUMBING.** Spouting, bathrooms, kitchens, laundries. All types of work. Experienced man for free quotes, phone 720 1319.

**PLASTERING.** Good and reliable, all types of fancy plastering and cornices. And sheetboard plastering. Clean and tidy. For free quotes, 720 1319.

The Age, 5th April 1978 -

**BUILDER.** Specialises in renovations. Kitchens, bathrooms and laundries. Walls pulled out, doorways made. For free quotes, 7 days per week phone, 720 1319.

**GARDENING.** Trees grubbed and pruned, lawns mowed, general gardening and maintenance done, quick and reliable men. For free quote, phone 720 1319.

**PLUMBING.** Spouting, bathrooms, kitchens, laundries. All types of work. Experienced man for free quotes, phone 720 1319.

**PLASTERING.** Good and reliable, all types of fancy plastering and cornices. And sheetboard plastering. Clean and tidy. For free quotes, 720 1319.

### Olaf Martin Venskevics And John Kovic

- 1.4.1 Olaf Martin Venskevics and John Kovic carried on business as house cladders. Consumers were induced to enter into two contracts, one with Colonial Brick Co. Pty. Ltd. for the supply of materials, and the

other for its application with Australian Clad Industries Pty. Ltd. John Kovic is a Director of Colonial Brick Co. and Venskevics a Director of Australian Clad Industries. Olaf Martin Venskevics is also a Director and shareholder in another company - Independent Chemical Imports Pty. Ltd. - and John Kovic claims to be the Manager.

- 1.4.2 As already mentioned in the previous Annual Report, the choice of company names which abbreviated to initials of A.C.I. Pty. Ltd. and I.C.I. Pty. Ltd. seem to be chosen to deliberately mislead any consumer into thinking they are dealing with large reputable companies of the same initials.
- 1.4.3 All complaints received over the last year related to the sales technique employed by the above directors. Mr. Kovic and Mr. Venskevics usually worked as a team. They arrived at consumers' homes uninvited and unannounced, usually late in the afternoon or early in the evening. The initial approach was under the pretence of conducting a market survey on cladding, asking the consumer to choose between aluminium siding or brick cladding. After hours of pressured discussion, the consumer was then offered a quote that was fixed for a period of two years. An incentive to early acceptance was offered in the form of "advertising fees". Consumers were told that since their house was ideal for advertising purposes, the company was willing to offer an amount of \$2,000 if photographs of the dwelling could be taken and if an advertising sign was placed on the property.
- 1.4.4 Any references made by the consumer as to their inability to repay monies was brushed aside. In one instance where a consumer had said that he could not afford the cladding, the salesman commented "you could still win Tattslotto". In another instance a couple who claimed they had no money were advised to send their children selling newspapers so that they could contribute to the cost of the job, whilst another consumer was advised to sell his caravan to finance the deal.
- 1.4.5 In all instances consumers had been instructed to sign finance agreements, and these agreements were further secured by the signing of a promissory note. When some consumers had objected, stating that they did not wish to borrow any money, they were advised that the form was merely to assess their credit rating.

1.4.6 Complaints indicate that the sole intention of the two men was to pressurise the householders into signing legally binding contracts without giving the option provided by the law to protect them.

1.4.7 During the year under review, the Ministry prosecuted Venskevics, Kovic, Australian Clad Industries Pty. Ltd. and Colonial Brick Co. Pty. Ltd. for a number of offences under the Consumer Affairs Act 1972. The charges and decisions are summarised in the table below.

Olaf Martin Venskevics

Section 15 (1) - 1 charge dismissed  
                   - 1 charge proven, penalty \$50

Section 64 - 1 charge proven, penalty \$50

John Kovic

Section 15 (1) - 1 charge dismissed  
                   - 1 charge proven, penalty \$50

Section 64 - 2 charges proven, penalty \$50 each

Australian Clad Industries Pty. Ltd.

Section 15 (1) - 3 charges dismissed  
                   - 3 charges proven, penalty \$50 on each

Section 64 - 1 charge proven, penalty \$50

Costs awarded against defendant \$221.30

Colonial Brick Co. Pty. Ltd.

Section 15 (1) - 3 charges dismissed  
                   - 4 charges proven, penalty \$50 each

Section 15 (4) - 2 charges dismissed  
                   - 3 charges proven, penalty \$50 each

Section 64 - 1 charge proven, penalty \$50

Costs awarded against defendant \$221.20

1.4.8 The provisions of the relevant sections of the Consumer Affairs Act are :-

- Section 15 (1) - Failure to provide notification of the cooling off period.
- Section 15 (4) - After having failed to provide notification of the cooling off period, demanding payment by way of enforcement of the contract.
- Section 64 - Refusing or failing to provide information requested by an inspector of the Ministry.

Pioneer Home Improvement Services.

- 1.5.1 Anthony Joackim and Carol Moore trading as Pioneer Home Improvement Services, previously of 75 Barkers Road, Kew, conducted a business in maintenance, renovation and cladding of houses.
- 1.5.2 The business was first registered on 16th March 1977 and all complaints arose from contracts or work done in May 1977. The business ceased trading shortly afterwards.
- 1.5.3 One complaint from an ex employee regarding unpaid wages and commission was referred to the Department of Labour and Industry.
- 1.5.4 Other complaints can be summarised as follows -
  - Failure to complete work;
  - Failure to repay monies;
  - Failure to pay deposits into a joint trust account;
  - Failure to honour undertakings given to the Bureau;
  - Failure to reply to Bureau correspondence.
- 1.5.5 Anthony Joackim gave many undertakings to Bureau inspectors regarding completion dates, repayments and application for relevant building permits, but very few were honoured. The Ministry successfully prosecuted Joackim under the Building Contracts (Deposits) Act and Joackim was fined a total of \$400 plus \$209.50 in costs.



- 1.5.6 However Joackim has still not completed various works or refunded any monies to consumers. The whereabouts of Mr. Joackim are unknown.

Patrick Anthony Roberts.

- 1.6.1 In February 1973 Patrick Anthony Roberts entered into a Part X Composition under the Bankruptcy Act. This was terminated in February 1974.
- 1.6.2 In December 1974, he and his wife became directors of Mion Nominees Pty. Ltd. The business name Mion Home Improvements Centre was registered in April 1976. Within 11 months, the business had failed. The Bureau had received three complaints, all of them of a serious nature.
- 1.6.3 In each case substantial deposits were paid and not recovered, work dragged on interminably and did not comply with Uniform Building Regulations. There was no supervision, and sub-contractors demanded payment directly from the consumers. Roberts was rarely on site and any promises he made in relation to complaints were rarely, if ever, kept.
- 1.6.4 In February 1977 the company went into liquidation with debts exceeding \$19,000. The minutes of the Meeting of Creditors show that Roberts admitted to those present that he had no previous experience in the building industry and that no labour was employed, all work being sub-contracted.
- 1.6.5 However, Mr. Roberts was not finished, despite the company's failure. In January 1977 he registered another company, Nu-Kitchens Pty. Ltd., and a business name Extend-A-Home (Vic). This company lasted until April 1977. No complaints were received against this company.
- 1.6.6 Documents obtained from the Corporate Affairs Office showed that in April 1977 the other director and the secretary of the company resigned and were not replaced, indicating that this company ceased business. In February 1978, Roberts entered into another composition under Part X of the Bankruptcy Act.
- 1.6.7 The remarks and conclusions reached in the section dealing with Home Renovations in Part 2 of this Report are most appropriate to the business ventures of Mr. Roberts.

John Speller and Frank Windmiller.

- 1.7.1 Mr. Speller has come to the Ministry's attention on a considerable number of occasions as a "sales agent" or as a principal in a sales company. His activities are closely associated with the general comments made in the section dealing with cladding companies, especially those which refer to complex marketing arrangements and company structures.
- 1.7.2 In answer to a request from the Ministry to clarify the structure and functions of the companies in which John Speller and Frank Windmiller are involved, the following information was received :-

New Formula Marketing Pty. Ltd.,  
18/71 Stead St.  
South Melbourne 3205

26th April 1978

Ministry of Consumer Affairs.

The following information will clarify the structure and functions of various companies in which John Speller and Frank Windmiller are involved.

Speller Pty. Ltd.

Shareholders and Directors - Louisa Alma Speller  
John Andrew Speller

This is not directly active in any aspect of Home Renovation work.

Speller Investments Pty. Ltd.

Shareholders and Directors - Louisa Alma Speller  
John Andrew Speller

This Company is not directly active in any aspect of Home Renovation work.

New Formula Marketing Pty. Ltd.

Shareholders and Directors - Frank Windmiller  
 John Andrew Speller  
 Equal Shareholders.

Function.

Currently - Principally active in the direct selling of Home Improvement Products, including various types of Bonded Brick Veneer Panels and Light Weight Roof Tiles.

New Formula Marketing Pty. Ltd. is a Marketing Organisation appointed by various companies to sell their products.

Our Sales Personnel follow up leads generated by our company. When dealing with the customer the Salesman provides full background details of the Manufacturing-Applicating Company he is representing. These include -

Fabtile Industries Pty. Ltd.

Victoria Perma Brick Co. Pty. Ltd.

V.P.B. Marketing Pty. Ltd. (This is wholly owned by Victoria Perma Brick Co. Pty. Ltd.)

Gerard Roofing Tile Company (Aust) Pty. Ltd.

Nevada Manufacturing Company (Aust) Pty. Ltd.

Orders are written up on the relevant company's paper work and copies left with the customer. All money-collections- and Guarantees, etc. are handled by the Companies concerned. New Formula Marketing Pty. Ltd. is not involved in the manufacture or application of the products sold.

H.W.S. Housing Industry Renovations Pty. Ltd.

Shareholders and Directors - Frank Windmiller  
 John Andrew Speller  
 Equal Shareholders.

Function.

Currently - Principally active in the Home Improvement

Field selling - Conventional Brick Veneering  
Alterations  
Additions  
Roofing

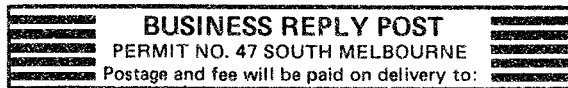
H.W.S. has acted as a sales agent for Keddie and  
Gummer Pty. Ltd. (Builders)  
Nevada Manufacturing Co. Pty. Ltd.

We trust this information clarifies the position.

J.A. Speller.

- 1.7.3 It is doubtful whether in fact this letter does explain the structure and operations in light of the following paragraphs.
- 1.7.4 To add to the confusion which a consumer must be faced with when dealing with John Speller or Frank Windmiller through their various companies, trade names and marketing schemes, Mr. Windmiller's signature appeared also as the Victorian Administration Manager, Victorian Perma Brick Pty. Ltd. under the letterhead of V.P.B. Marketing Pty. Ltd.
- 1.7.5 The following Business Reply Advertising Cards were distributed in various areas.

No postage stamp required  
if posted in Australia



New Formula Brick Veneer,  
71 Stead Street,  
SOUTH MELBOURNE.  
Vic. 3205.

It should be noted that the business name is "New Formula Brick Veneer", which is a trading name owned by Speller Pty. Ltd. The "New Formula Brick Veneer" is not a new product but merely the brick cladding supplied by other manufacturers.

- 1.7.6 The Ministry also investigated a series of advertisements broadcast over a country radio station and distributed through a regional newspaper offering a product "new formula brick veneer". The scheme was titled the "Brick Your Home For Free" promotion. Further, the product was described in terms as -

"Looks like Brick"

"Feels like Brick"

"Lasts like Brick"

and an exhortation to consumers, "Your Home Could Be Bricked Like This" above an attractive picture of a dwelling which looked like a brick veneer home.

- 1.7.7 The product in fact was merely brick cladding.

- 1.7.8 The company Speller Pty. Ltd. was charged with and convicted of a number of offences at Ballarat Magistrates Court on 7th February 1978. It was convicted and fined on three charges relating to the use of a post office box, two charges of broadcasting false information and one charge of printing false information.

PORTRAIT PAINTERS.

Grant Robert Dean Trading As Tradition Portraits.

- 2.1 Grant Robert Dean is the sole proprietor of a business called Tradition Portraits. His present address is unknown, but he was associated with the following addresses :-
- 335 Station Street, Carlton
- P. O. Box 5163 AA, Melbourne
- Shop 26, St. Kilda Market Arcade, 156 Acland Street, St. Kilda
- 11 Lonsdale Avenue, East Camberwell
- 22 Ellis Street, Glen Iris
- 2.2 Trading as Tradition Portraits, the venture related to the oil painting of portraits from photographs supplied by the consumer. These paintings were done in Korea.
- 2.3 Fifteen complaints were received from Victorian and interstate consumers. The allegations referred to the following experiences :-
- Consumers paid large deposits which were not refundable;
  - Portraits were not sent to consumers;
  - Original photos were not returned to consumers;
  - Correspondence from consumers was ignored;

- Some consumers who received their portraits found them of significantly lower standard to those advertised.

- 2.4 It was impossible to investigate any complaints as Grant Robert Dean did not reply to any correspondence.
- 2.5 Inspectors who visited a number of addresses where Dean was suspected to be residing became convinced that he was purposely avoiding them. In one case, they were given the information by friends that Dean did not leave them a forwarding address so that they could not be involved and pass on the information.
- 2.6 The Ministry also contacted the Korean Trade Centre, who stated that Grant Robert Dean may have had some difficulties in getting the completed portraits out of Korea.
- 2.7 Irrespective of what the reasons were for Grant Robert Dean's absconding, the Ministry is not holding out much hope in finding him or obtaining any redress for consumers.

#### FURNITURE.

Thompson and Humphries, 121 Brunswick Street,  
Fortitude Valley, Queensland.

- 3.1.1 For comments on this firm see Part 2, Section 6, of this Report.

Del-Monte Home Furnishers Pty. Ltd. trading as  
"The Furniture Factory".

- 3.2.1 At the time of writing, the directors were Delwyn Rex Montague and Yvonne Montague.
- 3.2.2 Twenty-eight complaints were received against the company during the year under review and, at the time of writing this Report, there is an indication that complaints are on the increase.
- 3.2.3 The name "The Furniture Factory" is used by the

company in their advertisements and this gives the impression that they manufacture their own furniture and sell it directly to the public, the implication being that the furniture is cheaper than in a retail store.

- 3.2.4 Investigations reveal that the firm does not in fact make its own furniture, but depends on numerous manufacturers, both in Victoria and other States, for supply.
- 3.2.5 Complaints concern delays in delivery of furniture and in remedying faults with the furniture when delivered.
- 3.2.6 An analysis of complaints suggests that the company is experiencing managerial problems, either due to inefficiency or neglect, which are magnified by the fact that many of the company's suppliers are interstate, making it harder to eliminate excessive delays in delivery and ensure proper repair or replacement of faulty furniture.
- 3.2.7 Irrespective of the reasons, consumers should not be exposed to experiences such as the case where a dining room and buffet was ordered in November 1977 and a deposit of \$89 paid, but despite repeated enquiries, no delivery was made. Finally the consumer was offered another set of furniture at double the price of the original. This was unacceptable to the consumer who asked for his money back. This was returned seven months after the placing of the order and only after representations from the Ministry.

#### USED MOTOR CAR SALES.

##### Bulleen Car Centre Pty. Ltd.

- 4.1.1 The directors are Gregory James Morrison and Christine Mary Morrison. The company is trading at the corner of Bulleen and Manningham Roads, Bulleen.
- 4.1.2 Eleven complaints were received, two of which were of such a nature that they warrant mentioning in this Report.
- 4.1.3 In one case a woman enquired about the purchase of a



Mini Minor car which she had selected. The salesman informed her that finance could not be obtained on the Mini Minor and offered her another car, which the woman was prepared to consider provided that her husband and son would call the next day to inspect it. Thereupon the salesman volunteered to let her have the car overnight provided she signed some papers. She alleged that she was assured that she would be able to return the vehicle if her husband and son did not like it. Because of a number of faults in the car, the woman returned the car but was told that she had signed a legally binding contract and had to proceed with the purchase. Intimidated by the stand taken by the salesman, the woman paid a deposit of \$100, but as this amount was not sufficient to ensure finance, Bulleen Car Centre offered to sell her "an old bomb" for \$1.00. This "old bomb" was then used as a trade-in valued at \$400 in order to show on the finance company document a total deposit of \$500. Needless to say the total price of the car was jacked up by the fictitious deposit.

- 4.1.4 The Ministry negotiated with the finance company who immediately cancelled the finance contract so that the deal could not be proceeded with, but even then Bulleen Car Centre Pty. Ltd. refused to refund the \$100 cash deposit paid by the woman. One could say that it was a matter of \$100 in the hand being worth more than all ethical business considerations.
- 4.1.5 The other complaint was received at the time of writing this Report and involved the use of a "trade-in" not owned by the purchaser. The consumer stated that he selected a car from Bulleen Car Centre Pty. Ltd. He was asked if he had a trade-in or could put any money into the "deal". When he told the salesman that he had only an "old bomb" at home and in an undriveable condition and had no money either, he was told "don't worry, we will help you out and put the trade-in in for you".
- 4.1.6 A contract was then drawn up and hire purchase papers signed showing a deposit of \$845 consisting of \$150 cash which was to be paid on delivery and a Holden Sedan VH 000 as a trade-in valued at \$695. The car was to be delivered to the consumer's address in 10 - 14 days time after repairs were to be effected to the motor. In the meantime, the consumer on reflection felt that he could not proceed with the purchase under such terms and contacted Bulleen Car Centre Pty. Ltd. requesting them to cancel the deal. He was told that if he did not proceed with the purchase, he would be sued.

- 4.1.7 When Mr. G. Morrison was approached by the Bureau, he immediately said the consumer would not have to go ahead with the deal and refused to discuss the matter further. The purchaser was informed accordingly.
- 4.1.8 Nevertheless the indisputable fact remains that the Ministry holds a contract completed and signed by the dealer showing a trade-in of a Holden Sedan VH 000, Engine No.Z100VZ1793, valued at \$695. The Motor Registration Branch confirmed that that particular Holden was sold by Bulleen Car Centre Pty. Ltd. six months before the date of the contract under dispute to another consumer, who still owns the car.

#### Riviere Motors

- 4.2.1 Riviere Motors of 472 Geelong Road, West Footscray, is the registered business name of Trentarc Pty. Ltd., the directors of which are Richard Trevor Williams and Dorothy May Williams.
- 4.2.2 The early complaints indicated an unwillingness to effect repairs under warranty, it being not unusual for the directors of this company to claim that consumers abused or misused their vehicles during the warranty period. At the time of writing however, the complaints, the level of which has increased, now relate mainly to sales methods.
- 4.2.3 Under the Motor Car Traders Act the dealer must state the cash price of a vehicle on the Form "K" which is attached to the rear side window of a vehicle. The advertised cash price, or an amount less than the cash price, should then appear on any contract signed.
- 4.2.4 However, with respect to Riviere Motors, there were many cases where the cash price as shown on the contract was far greater than the cash price as shown on the Form "K".
- 4.2.5 This practice usually occurred when the consumer's trade-in vehicle was under finance. The trade-in valuation may be less than the pay-out figure to the finance company and thus a minus equity situation arises. The finance company with whom Riviere Motors constantly deals would not accept a hire purchase contract which showed a minus equity. So Riviere Motors would give an over-allowance on the trade-in as well as increase the cash price of the new purchase by the same amount as the over-allowance.

- 4.2.6 In one example, a twenty year old consumer traded his 1974 XB Ford panel van on a 1972 Fairlane. The panel van was under finance and the pay out figure was \$5,831. However, the trade-in valuation on this panel van was \$2,800. Thus there was a minus equity of \$3,031. The cash price of the Fairlane was \$4,999, but the hire purchase contract presented to the finance company showed the price of the Fairlane as being \$8,030. The dealer had added the minus equity amount of \$3,031 on to the cash price of \$4,999 for the Fairlane.
- 4.2.7 As far as the finance company was concerned, the cash price was \$8,030 and the trade-in allowance on the XB panel van was \$5,831, which was the same amount as the pay out figure.
- 4.2.8 Furthermore, the Fairlane had been misrepresented by the dealer to the finance company probably to justify the high price of \$8,030. It was a 1972 Fairlane but the dealer told the finance company that it was a 1976 Fairlane. The finance company were also told that it had a sun roof and a 351 engine. It did not have a sun roof and it had a 308 engine.
- 4.2.9 The director of the company admitted the misrepresentation to the finance company but he told the Bureau to "stop worrying what I do with my finance company".
- 4.2.10 As a result, this particular consumer, who earns \$540 monthly, was faced with sixty monthly repayments of \$241. By the time he finished paying for the vehicle it would have been thirteen years old and the total amount to be paid would have been \$14,460. Following Ministry representations as to the consumer's financial state, the contract was cancelled.
- 4.2.11 In this particular case the trader claimed that he "advised" this young consumer not to go ahead with the Fairlane purchase. When the Ministry suggested to the trader that having regard to the consumer's financial position, the amount owing on the trade-in, and that it was necessary if a sale was to go through for the finance documentation to be false he should not have sold this vehicle to the young customer, the reply was "then he will go elsewhere and they will do the same thing".
- 4.2.12 Mr. Williams has stated that giving over-allowances on trade-ins and increasing the cash price of the purchased vehicle is "a practice which is common in the trade".

- 4.2.13 He also claims that the finance companies always knew when this was occurring.
- 4.2.14 Another practice which he claims is common "and quite acceptable in the trade" was requesting consumers to sign contracts for a used vehicle which the consumer has never sighted.
- 4.2.15 A consumer had informed the Ministry that the salesman at Riviere Motors had convinced him to buy a car which he had not seen. The consumer stated :-

"All the paper work was signed and I left my vehicle with them and they gave me a loan car until the one I purchased came in. When I arrived home I discussed it with my family and friends and decided I had too much to pay (\$14,000 over 5 years). I do not have a permanent job. At present I am receiving unemployment benefits. The last work I had was over one month ago."

- 4.2.16 This was not the only case involving purchasers who were unemployed. An 18 year old had arrived from New South Wales with the intention of settling in Melbourne.
- 4.2.17 The salesman at Riviere Motors was aware of this recent change of address. He also knew that this young consumer was looking for employment in Melbourne and so he offered to assist him through a friend at the Commonwealth Employment Service.
- 4.2.18 Nevertheless, regardless of the fact that this consumer was unemployed, Riviere Motors went ahead and sold him a vehicle priced at \$6,999 with monthly repayments to the finance company of \$251.
- 4.2.19 Another case concerns a consumer who was interested in a Ford Mustang. The consumer said that he would try and arrange his own finance. He was unsuccessful but Riviere Motors said finance could be arranged for him but only on a Ford XB Coupe which was priced at \$4,999.
- 4.2.20 The consumer was very interested but there was one problem - he did not have a deposit. However he did possess a Seiko watch which had an approximate value of \$80. Riviere Motors gave the consumer a 1958 Wolseley in exchange for the watch. The Wolseley was then used as a trade-in on the XB Ford. The contract then showed a trade-in allowance of \$1,000 for the Wolseley and the cash price of the XB Ford

had increased to \$5,999. The contract was accepted by the finance company.

- 4.2.21 Such dishonest and unethical dealings do nothing to improve the image of the used car industry. The undesirable image will continue as long as firms such as Riviere Motors continue trading unethically and dishonestly.

### RURAL INVESTMENT.

#### Radiata Development (No.2) Pty. Ltd. and Pine Tree Growers (No.2) Pty. Ltd.

- 5.1.1 The directors of Radiata Development (No.2) Pty. Ltd. and Pine Tree Growers (No.2) Pty. Ltd., registered office Room 807 8th Floor, 67 Castlereagh Street, Sydney, are Ian Bernard Grant and M.J. Grant. The company's Victorian offices are 493 Riversdale Road, Camberwell, and 136 Albert Road, South Melbourne.
- 5.1.2 These companies offered consumers investment opportunities in "Kitty's Creek Plantation" near Orange, New South Wales. The plantation does not exist, and the companies, and Mr. Grant, are the subject of investigation by the Police Fraud Squads of at least two States.
- 5.1.3 Grant's ethics must be questioned in light of statements made to investors: e.g. "Your active participation in the production of pine forests will not only ensure financial reward for you and your family in the years ahead, but will greatly benefit our country and its people. The only "reward and benefit" appears to have been to Grant himself at the expense of investors.
- 5.1.4 Grant is known to have participated in other unsuccessful Forestry Schemes.

Radiata Forestry Development Ltd. - in the capacity  
of a salesman

Radiata Development Co. Pty. Ltd. - in the capacity  
of a director

Pine Tree Growers Pty. Ltd. - in the capacity  
of a director

See also Part 2 Section 15 for a further discussion of such rural investment schemes.

Nut Farms of Australia Pty. Ltd.

5.2 For comments on this company see Part 2, 15.5 - 15.7.

MISUSE OF CREDIT NOTES.

6.1 Denim Discounters (a business name of T. and J. Grayson Nominees Pty. Ltd., 215 Swanston Street, Melbourne.)

6.2 Snobb International (a business name of Mr. Figgins Pty. Ltd., Doncaster Shoppingtown.)

6.3 House of Jarowa (a business name of Jarowa Nominees Pty. Ltd., 292 Collins Street, Melbourne.)

For comments on these firms see Part 2, Section 8.9.1 to 8.9.4.

INSURANCE BROKERS AND COMPANIES.

Geneva Insurance Corporation Pty. Ltd. and Sapphire Insurance Company Pty. Ltd.

7.1 The directors of Geneva Insurance Corporation Pty. Ltd. of 213 - 215 King Street, Melbourne are -

Alan Gregory Scott,  
Jeremy Guy Collins,  
James William Lang.

7.2 The directors of Sapphire Insurance Company Pty. Ltd., which is a company registered in New South Wales and whose office in Melbourne is at 213 - 215 King Street Melbourne, are -

Robert John Payne,

Alan Gregory Scott,

Adrian Ernest Freeman.

7.3 The objections against the companies concern commission arrangements and lack of disclosure of the identity of underwriters.

7.4 Commission Arrangements With Dealers:

Geneva Insurance Corporation Pty. Ltd. represent themselves as a marketing concern. Their field representatives visit various motor car traders and offer lucrative commissions if the trader is prepared to allow Geneva Insurance Corporation Pty. Ltd. to organise the motor vehicle comprehensive insurance and consumer credit insurance that may be included on a hire purchase or personal loan contract.

7.5 As a result of the high commissions payable by Geneva Insurance Corporation Pty. Ltd., considerable pressures were usually exerted by motor car traders on prospective consumers to insure the motor car through Geneva Insurance Corporation Pty. Ltd. The tactics used by some motor car traders associated with Geneva Insurance Corporation Pty. Ltd. bordered on, and at other times were actually, dishonest and unethical.

7.6 In order to obtain the insurance, the motor car dealer or his salesman assured the purchaser that a special arrangement existed with Geneva Insurance Corporation Pty. Ltd. whereby the best possible premiums could be obtained. Consumers were also informed that the finance company would not approve the contract unless comprehensive and consumer credit insurances were included on the contract. In many cases there were pressures on purchasers to insure for more than one year at a time, which consequently increased the amount of commission to the dealer.

7.7 In relation to consumer credit insurance, it was established that no limit was set on the commission or brokerage fees, but it was left to the salesman to extract as high a premium as possible. On a premium payable to the insurance company of \$130, a

100 % commission is usually charged, and in some cases it was as high as 500 % to 600 % of the premium.

7.8 A person who goes to buy a car may have familiarised himself with the market value of the model he wants to purchase, but he is usually relatively ignorant whether insurance premiums quoted to him are competitive. If he is assured by the salesman that he is getting a "good deal" then he is likely to insure with the proposed insurer, not realising that he could have saved himself some hundreds of dollars if he had shopped around for his own insurance without prejudicing any benefits under the cover.

7.9 Cases are quoted here by way of illustration where the premium paid to the actual underwriter was about half of the premiums charged to the consumer.

	<u>Payment To Underwriter</u>	<u>Premium Shown On Purchase Contract</u>	<u>Commission To Motor Car Dealer &amp; Geneva Insurance Corp. P/L</u>
1.	\$269.45	\$ 565	\$296.55
2.	\$287	\$ 535	\$248
3.	\$253.50	\$ 600	\$347.50
4.	\$988.80	\$1890	\$901.20

7.10 Lack of Disclosure of Identity of the Underwriters

It became evident from the complaints investigated that consumers were under the impression that they had entered into insurance contracts with Geneva Insurance Corporation Pty. Ltd. as the underwriters. The fact is that Geneva Insurance Corporation Pty. Ltd. is not an insurance company, but a broker who passes on the risk to other underwriters.

7.11 To a consumer this is misleading and fraught with considerable danger as he has no say in who the eventual underwriter is going to be.

7.12 The heading of the Motor Vehicle Proposal Cover Notes and other documentation shows :-



AGENT

Cover Note No.....Policy No.....



# GENEVA INSURANCE CORPORATION LTD.

MELBOURNE: 213-215 King Street, Melbourne, 3000. Telephone: 67 6792

UNDERWRITTEN BY ARRANGEMENT WITH SAPPHIRE INSURANCE COMPANY PTY. LIMITED

## PRIVATE MOTOR VEHICLE PROPOSAL

AGENT

Cover Note No.....Policy No.....



# GENEVA INSURANCE CORPORATION LTD.

MELBOURNE: 213-215 King Street, Melbourne, 3000. Telephone: 67 6792

<b>PERTH:</b> 1161 Hay St., West Perth, 6005 Telephone: 21 4653	<b>BRISBANE:</b> 246 George St., Brisbane, 4000 Telephone: 229 6352	<b>SYDNEY:</b> 153 George St., Liverpool, 2170 Telephone: 801 2322
-----------------------------------------------------------------------	---------------------------------------------------------------------------	--------------------------------------------------------------------------

BY ARRANGEMENT WITH V.I.P. INSURANCE LTD.

## MOTOR VEHICLE PROPOSAL



# GENEVA INSURANCE CORPORATION LTD.

MELBOURNE: 213-215 King Street, Melbourne, 3000. Telephone: 67 6792

<b>PERTH:</b> 1161 Hay St., West Perth, 6005 Telephone: 21 4653	<b>BRISBANE:</b> 246 George St., Brisbane, 4000 Telephone: 229 6352	<b>SYDNEY:</b> 153 George St., Liverpool, 2170 Telephone: 601 2322
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UNDERWRITTEN BY ARRANGEMENT WITH V.I.P. INSURANCES LIMITED



# MOTOR CAR INSURANCE CERTIFICATE



# GENEVA INSURANCE CORPORATION LTD.

618 ST. KILDA ROAD, MELBOURNE, 3004  
TELEPHONE: 224 1783

370 CHURCH STREET, PARRAMATTA, 2150  
TELEPHONE: 630 2929

## CARAVAN INSURANCE CERTIFICATE

Nº s 13122

The Insured is requested to read this Certificate and Conditions. This Certificate should be returned to the office if any correction is necessary.

Notice of the happening of any accident of loss covered under this Certificate must be given immediately.  
(Refer Certificate Condition No. 1)

*UNDERWRITER:*

SAPPHIRE INSURANCE CO. PTY. LTD.

7.13 There is little doubt that most consumers would think they are dealing with Geneva Insurance Corporation Pty. Ltd. as the insurer, especially as all correspondence with the policy holder is conducted on the Geneva Insurance Corporation Pty. Ltd. letterhead and no reference is made to the actual underwriter of the risk.

7.14 In September 1977, Geneva Insurance Corporation Pty. Ltd. began to use V.I.P. Insurance Limited as their underwriter. In April 1978 V.I.P. Insurance Limited was declared insolvent. Many people did not know at that stage that they were insured with V.I.P. Insurance Limited, especially as, due to the delays in the operations of Geneva Insurance Corporation Pty. Ltd. they had not received their policies. Others were misled by the prominence of the company name on all documents into believing that they were insured with Geneva Insurance Corporation Pty. Ltd. In other words, numerous consumers did not know that they were affected by the liquidation until about one month later when they received a notification from Geneva to this effect, at the same time inviting re-insurance with Sapphire Insurance Company Pty. Ltd. by attaching a new proposal form and asking for an additional remittance.

7.15 A consumer wrote the following -

"I am writing to you in the hope that you may be able to help me with the problem I am having concerning a rebate from Geneva Insurance Corporation Pty. Ltd. I purchased a Valiant and the dealer arranged insurance cover with Geneva Insurance Corporation. This was too expensive for my liking so I sought insurance elsewhere at a cheaper rate. I then sent a cancellation form into Geneva during late January and they said it would take one month to be processed. I have been in touch weekly by phone with them and they keep on avoiding my rebate. I paid \$565 for 12 months insurance. Since then I have been told that I am actually insured with a company called V.I.P. in which Geneva Insurance Company only does the paper work for. My policy was written up with Geneva with no mention of V.I.P. on the insurance policy. And since then excuse after excuse has been made."

7.16 As previously stated, V.I.P. Insurance Limited were declared insolvent in April 1978.

7.17 In another case, a consumer purchased a used vehicle

in February 1978 and the dealer arranged insurance with Geneva Insurance Corporation Pty. Ltd. The consumer did not receive his policy. He telephoned Geneva Insurance Corporation Pty. Ltd. on numerous occasions and was told that a policy would be forwarded to him shortly. He never received his policy. In July he was involved in an accident and after sending the claim forms into Geneva Insurance Corporation Pty. Ltd. he was informed that he was insured with V.I.P. Insurance Limited who were now in liquidation. He sought assistance from the Ministry. Geneva Insurance Corporation Pty. Ltd. were asked to check their files and they later informed that the consumer was in fact insured with Sapphire Insurance Company Pty. Ltd., not V.I.P. Insurance Limited. The explanation given was that a new employee had incorrectly informed the consumer that his insurance was with V.I.P. Insurance Limited.

- 7.18 Sapphire Insurance Company Pty. Ltd. underwrite consumer credit insurance, motor vehicle, boat and caravan insurance. The company is closely connected with Geneva Insurance Corporation Pty. Ltd. Both companies conduct their business from the same address. One day a consumer would speak to a representative from Geneva Insurance Corporation Pty. Ltd. and the next day the consumer would speak to the same person, but this time he was a representative from Sapphire Insurance Company Pty. Ltd.
- 7.19 Correspondence received by the Ministry from both companies shows that one and the same person signed on Sapphire Insurance Company Pty. Ltd. correspondence as 'Managing Director' and as 'General Manager' on Geneva Insurance Corporation Pty. Ltd. letters.
- 7.20 At the time of writing this Report, the Ministry was informed that Sapphire Insurance Company Pty. Ltd. is ceasing to accept new business and renewals, and has entered into an arrangement with another company to take over liabilities on new policies and renewals. Sapphire Insurance Company Pty. Ltd. will continue to run off its portfolio until all liabilities under existing policies are fully discharged.
- 7.21 Delays in Payment of Rebates  
By far the majority of the 44 complaints received against both companies referred to excessive delays in paying rebates on premiums after policy holders have paid out their finance contracts and were thus entitled to a pro-rata rebate on the insurance premiums which were financed on the contract.
- 7.22 The complaints referred to consumers who had requested unsuccessfully a rebate from the company. More often than not it was only after the Ministry made strong and

persistent representations to the company that a rebate was forwarded to the complainant. It is a matter of speculation how many hundreds of consumers did not realise that they were entitled to a rebate on insurance when paying off the finance contract, or who failed to complain to the Bureau in support of their rebate claim.

7.23 Some of the delays in rebates amounted to more than six months. Representations made by the company attributed the delays to accounting and staff problems, but the fact remains that such unremitted rebates must have created a considerable source of interest income to the company.

7.24 The following examples speak for themselves and should serve as a warning to consumers when dealing with the companies.

7.25 Example 1.

On the 22nd September 1977 a consumer entered into a hire purchase agreement on a caravan. Included in the agreement was a \$540 comprehensive insurance premium as well as a \$384 consumer credit insurance premium. On the 26th of October 1977 he paid out the finance company and on the same day he visited Geneva and requested a rebate. He provided the necessary proof that the finance company was paid out. He was told that a cheque would be forwarded to his address. By February 1978 the rebate was not forthcoming so he visited Geneva again and he was told that the paper work had been lost. He was given the same answer a few weeks later, and in March he was told that they were still working on it. In May he was informed that the person who was handling the matter was out at lunch. He contacted Geneva on the same afternoon and he was told a cheque would be in the mail. He did not receive a cheque by the end of May 1978, so he lodged a complaint at the Bureau. Eventually, in late July, the consumer received a rebate of \$629. However this was an incorrect amount and following further Bureau involvement, the full amount of \$845 was received by the consumer on the 10th of August, that is, some ten months after the original request was made by the consumer.

7.26 Example 2.

Another consumer wrote the following -

"On the 15th of August I purchased a caravan under hire purchase which included comprehensive and consumer credit insurance with Geneva Insurance. On the 10th of April 1978 I received from the finance company a final receipt and a signed form supplied by Geneva Insurance to the effect that the finance company no longer had any interests in the van as it had been paid for. On returning the form of cancellation to Geneva on the 10th of April 1978, I was told that I would receive a cheque from them within 3 or 4 weeks. When it failed to arrive I rang them and was told the man who signed them had not been in to sign the cheque. I rang again a week later and was told that they were very sorry. I rang a fortnight later and spoke to the manager and was told there was nothing I could do as it all had to go to Sydney for approval and I told him that I thought I was being given the run around. When next I rang I was told it was in the mail on its way from Sydney, and that was on the 15th of June 1978. This cheque has not been forwarded to me as of the 20th of July 1978."

After representations by the Ministry, a cheque for \$300.15 was forwarded to the consumer.

7.27

Example 3.

A consumer purchased a caravan on the 11th of August 1975. In July 1977 he paid out the finance company and requested a rebate from Sapphire Insurance. When he lodged the complaint at the Bureau in April 1978, he informed that despite letters and phone calls to Sapphire, no refund had been forthcoming. The Bureau contacted Sapphire Insurance and \$45 was rebated in June 1978. This amount was incorrect and eventually, in July, the consumer received a full rebate of \$119.

7.28

Example 4.

Another complainant wrote -

"A caravan was purchased on the 13th of February 1978 and the dealer arranged insurance with Geneva Insurance Corporation for the sum of \$200. On the 13th of March 1978 we cancelled the insurance. We received the cancellation forms from Geneva and after we had them signed by the finance company, we sent them back to Geneva. After waiting a few weeks I rang them at their King Street office and was told that all cheques were processed at the

end of the month. Two weeks into April I rang again, and was told the cancellation was being processed. After another week I rang again and was told that the chap who did the cancellations was out and he then arranged to ring him on the following Monday. This I did and was told that it would be looked into and I should have the cheque within a fortnight. After receiving nothing, three weeks later I rang again and was promised the cheque would be sent and I should receive it by the following Wednesday. The cheque did not arrive. In early June I wrote to the Manager and I told them that if I did not receive the cheque within a weeks time I would take legal action. On Friday the 9th of June I received in the post a policy from Geneva. The issued date on the policy was the 10th of May. This was well after the cancellation notice was received by them."

Only after representations from the Ministry was a rebate of \$149.46 made to the consumer, some five months after the original request from the consumer.

- 7.29 In many cases, the initial rebate given by the company was incorrect and the Ministry had to adopt the practice of checking the company's calculations in order to ensure a refund of the proper amount.
- 7.30 Such negligent practices cannot be condoned and the Ministry has held extensive discussions with the Managing Director of Sapphire Insurance Co. Pty. Ltd. on the issues raised in this section.

#### HOUSEHOLD APPLIANCE REPAIRERS.

##### S.S. Appliances Pty. Ltd.

- 8.1 S.S. Appliances Pty. Ltd. of 5C Aristoc Road, Glen Waverley, trade as :-

S.S. Appliances Pty. Ltd.

S.T. Services

Frigicrest Washing Machine Repair Service

Frigicrest Refrigerator Repair Service

Hoovex Washing Machine Repair Service

Kelway Domestic Refrigerator and Washing  
Machine Repair Service

Mallholm Refrigerator Repair Service

Mallholm Washing Machine Repair Service

Turnel Washing Machine Repair Service

Westlace Refrigerator and Washing Machine  
Repair Service

Your Washing Machine Service

- 8.2 Reference has been made to the company in previous Annual Reports and the company termed as a "regular offender" whose "activities do not appear to be in the interest of giving good service to consumers, with the result that consumers are running the risk of receiving unsatisfactory service, or paying excessive charges whenever they approach this firm".
- 8.3 Complaints to the Ministry have shown that consumers are misled by the advertisements and entries in the telephone book into believing that they are dealing with the manufacturers of the appliances and not with an independent repairer. In some cases this has rendered the manufacturer's warranty void as the washing machine was not repaired under the conditions of the warranty.
- 8.4 A consumer wrote as follows -
- "I contacted Hoovex Washing Machine Repair Service to repair our Hoover 525 Washing Machine. After several changes of appointment by Hoovex, a serviceman finally called and supposedly repaired the machine. It was not satisfactory, and I contacted Hoovex in August for a serviceman to call under their three month guarantee on work and parts. After several changes of appointment by Hoovex, a serviceman finally called and again supposedly repaired the machine. It again proved unsatisfactory."
- 8.5 This went on until in desperation the consumer decided to contact the "parent company".
- "Rang Hoover (Aust.) Pty. Ltd., believing Hoovex to be a part of their company. I was very surprised to learn that Hoovex had nothing whatever to do with Hoover."
- 8.6 Another complainant wrote -



"I wish to draw your attention to a washing machine company operating under the name Hoovex Washing Machine Repair Service, S.S. Services and S.T. Services. When my Hoover Washing Machine broke down, I rang these people after searching the white pages directory for Hoover, thinking they were a subsidiary of Hoover specialising in washing machines."

8.7

A check of the white pages of the telephone book showed the following entries :-

**FRIGICREST REFRIGERATOR REPAIR SERVICE** 5cAristocRdGlenWvrly 560 9133  
**FRIGICREST WASHING MACHINE REPAIR SERVICE** 5cAristocRdGlenWvrly 560 9133  
**FRIGIDAIRE PRODUCTS** (Divsn of General Motors-Holden's Pty Ltd) PrincesHghwyDand 792 0111  
 Frigidalre Srvc CnrHoodSt&MatthewsAvAlrptW 338 4488

**KELVINATOR AUSTRALIA LTD** 487WilliamstownRdPtM . 64 3541  
 After hours srvc .....64 3541  
**KELVY TRADERS PTY LTD** 287WickhamRdMoorbn . 95 0311  
**KELWAY DOMESTIC REFRIGERATOR & WASHING MACHINE REPAIR SERVICE** 5cAristocRdGlenWvrly 560 9133

**HOOVER (AUST) PTY LTD** Electl Applnce Mfr 23NormandyRdNottM . 543 4222  
**HOOVEX WASHING MACHINE REPAIR SERVICE** 5cAristocRdGlenWvrly 560 9133

**MALLEYS LTD** CnrAllen&CameronStsMrlnd---  
 Srvc ..... 386 9811  
 Sales ..... 386 9911  
 AndersonsRdSunbrly ..... 744 1733  
**MALLHORN REFRIGERATOR REPAIR SERVICE** 5cAristocRdGlenWvrly . 560 9133  
**MALLHORN WASHING MACHINE REPAIR SERVICE** 5cAristocRdGlenWvrly . 560 9133

**WESTINGHOUSE ELECTRIC AUSTRALASIA LTD** 46 OxfordCol . 419 5756  
**DOMESTIC APPLNCES** (Email Ltd) 49DavisonRich---  
 Sales ..... 429 2311  
 Srvc ..... 429 2644  
**WESTLACE REFRIGERATOR & WASHING MACHINE REPAIR SERVICE** 5cAristocRdGlenWvrly . 560 9133

8.8 It is obvious that the trade names of the company were specifically designed to appear next to the names of the manufacturers.

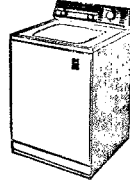
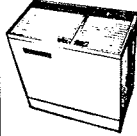
8.9 Some advertisements from the Yellow Pages appear below -

**HOOVER**  
**SERVICING AND SALES IN THIS AREA**

**560 7266**

★ **PROMPT ATTENTION  
BY TRAINED  
SERVICEMEN**

★ **FIRM QUOTE ALWAYS  
GIVEN**



**ALL WORK CARRIED OUT IN THE HOME  
ASK US ABOUT OUR CONDITIONAL 2 YEAR GUARANTEE  
COVERING ALL PARTS SUPPLIED & FITTED**

**ALL SUBURBS DAILY**

**S.S. APPLIANCES**

**PTY. LTD.**

**5C Aristoc Rd., Glen Waverley**

**FRIGIDAIRE**  
**WASHING MACHINE SERVICING**

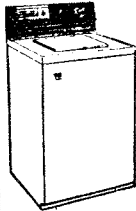
● **FIRM QUOTE ALWAYS GIVEN**

**560 7266**

**S. T. SERVICES**

**(S.S. APPLIANCES PTY. LTD.)**

**5c Aristoc Rd., Glen Waverley**



**KELVINATOR**  
**WASHER-DRYER SERVICING**

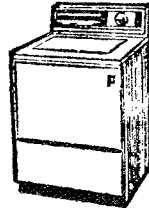
● **FIRM QUOTE ALWAYS GIVEN**

**560 7266**

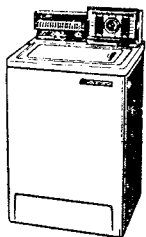
**S. T. SERVICES**

**(S.S. APPLIANCES PTY. LTD.)**

**5c Aristoc Rd., Glen Waverley**



**MALLEYS  
WHIRLPOOL  
WASHER-DRYER SERVICING  
& SALES IN THIS AREA**

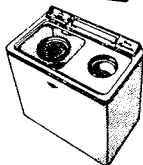


**560 7077**

★ PROMPT ATTENTION BY TRAINED  
SERVICEMEN

★ FIRM QUOTE ALWAYS GIVEN

ASK US ABOUT OUR CONDITIONAL  
2 YEAR GUARANTEE COVERING  
ALL PARTS SUPPLIED & FITTED  
ALL WORK CARRIED OUT IN THE HOME



WE ALSO  
SERVICE

**GALA**

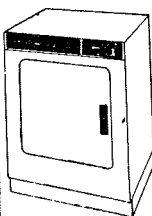


**S. T. SERVICES**

(S. S. APPLIANCES PTY. LTD.)

5C Aristoc Rd., Glen Waverley

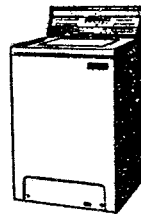
**SIMPSON  
POPE  
WASHER-DRYER SERVICING  
IN THIS AREA**



**560 7077**

PROMPT ATTENTION BY  
TRAINED SERVICEMEN

FIRM QUOTE ALWAYS  
GIVEN



ALL WORK CARRIED OUT IN HOME. ASK ABOUT OUR CONDITIONAL  
2-YEAR GUARANTEE COVERING ALL PARTS SUPPLIED & FITTED.

**S.S.  
APPLIANCES  
PTY. LTD.**

5c ARISTOC ROAD, GLEN WAVERLEY

- 8.10 It should be noted that each advertisement contains a reference in brackets to S.S. Appliances Pty. Ltd. This arrangement was entered into some years ago with the then Postmaster-General's Department in order to indicate to consumers who the company behind the trading name or the parent trading company is.
- 8.11 This arrangement has somewhat reduced the misleading element in such advertisements, but has not completely eliminated it. Some prominent manufacturers of appliances have inserted their own warnings in the Yellow Pages to counteract the actions of such traders as S.S. Appliances Pty. Ltd.



**AUTHORISED  
HOOVER  
SERVICE**

**WARNING**

**ONLY REPAIRERS LISTED IN THE  
HOOVER SUBURBAN LISTING COMMENCING  
ON PAGE 1520 ARE AUTHORISED  
BY HOOVER (AUSTRALIA) PTY. LTD.**

**WE WILL NOT BE RESPONSIBLE  
FOR SERVICE BY REPAIRERS  
NOT SO AUTHORISED.**

**HOOVER (AUSTRALIA) PTY. LTD.**

**23 NORMANBY ROAD, NOTTING HILL 543 4222**



**SIMPSON**  
THE RELIABILITY PEOPLE

Have your washer or dryer  
**SERVICE** done by the  
**MANUFACTURER**

The people who know them best

**SERVICE 41 0291**

Melb. Metro. & Mornington Peninsula

**SPARE PARTS 419 3911**

**Warning:** We are not responsible for any work  
carried out on our appliances by **unauthorised**  
organisations

**SIMPSON POPE LIMITED**

81 HODDLE ST.

**RICHMOND**

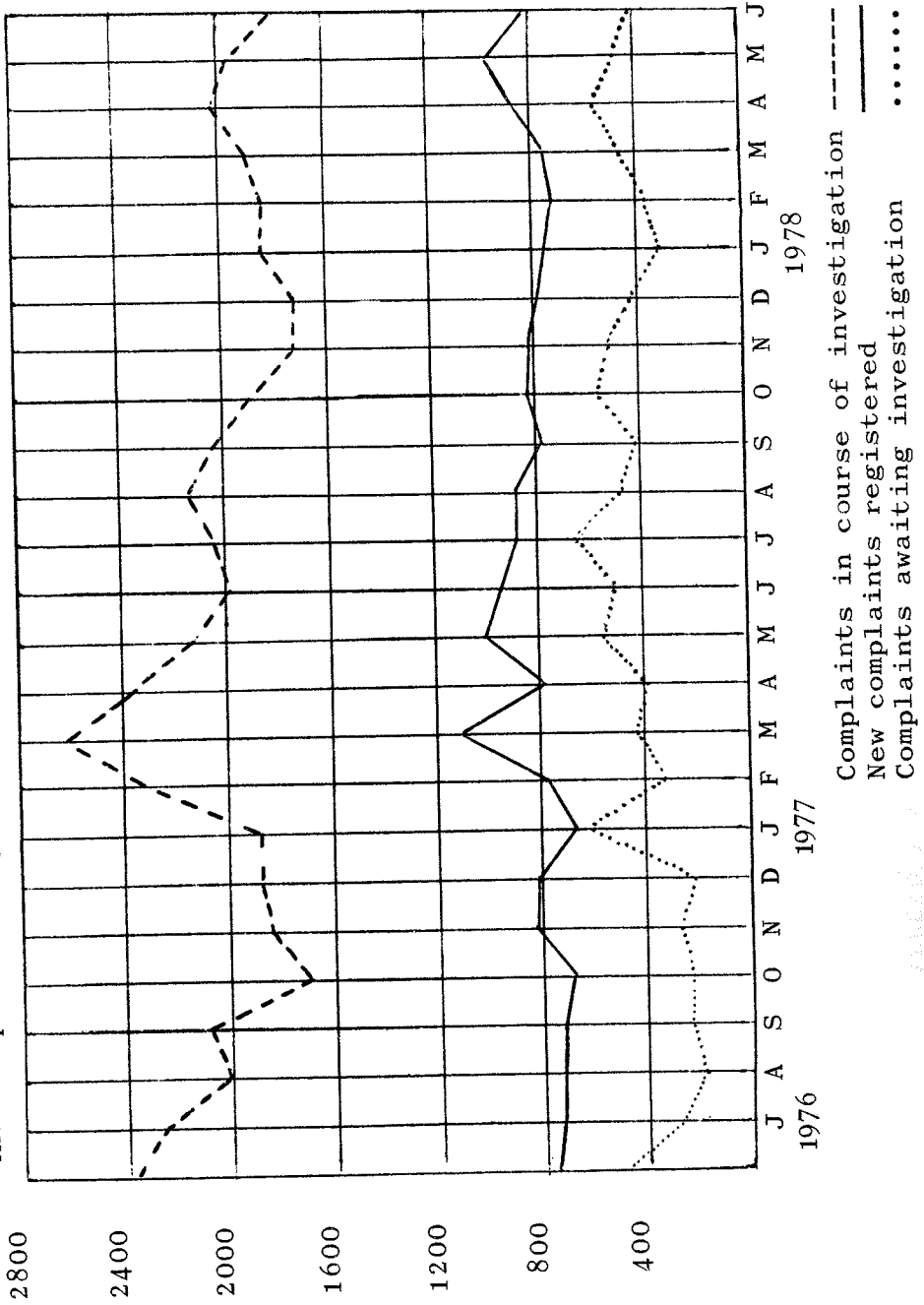
8.12

The other point of view of course is that consumers should take greater care in selecting a repairer. They should check by phone all conditions of repair, including who they are dealing with, before agreeing to a visit from the serviceman.



APPENDIX B.

Complaints Awaiting Investigation, In Course of Investigation,  
And Complaints Registered - 1st July 1976 to 30th June 1978.



APPENDIX C

Table 1 - Analysis of Consumer Complaints - Product/Service  
Classification - For The Year Ended 30th June 1978

## Food and Beverages

Food Products	115		1.16	
Beverages	47		.47	
Other	<u>7</u>		<u>.07</u>	
		169		1.70

Clothing, Footwear and  
Drapery

Clothing	364		3.66	
Footwear	210		2.11	
Accessories	23		0.23	
Drapery	56		0.56	
Other	<u>7</u>		<u>0.07</u>	
		660		6.64

## Consumer Durables

Electrical Goods,  
etc.

Washing Machines, Dishwashers, Drying Cabinets	107		1.08	
Stoves	59		.59	
Refrigerators and Freezers	109		1.10	
Television	212		2.13	
Air Conditioners	38		.38	



## Electrical Goods, etc. (Cont'd)

Heaters	80		.80
Vacuum Cleaners	10		.10
Radio, Hi-Fi, etc.	143		1.44
Other	<u>138</u>		<u>1.39</u>
	896		9.01
Used Electrical Goods, etc.	59		.59
Repair of Electrical Goods, etc.			
Washing Machines, Dishwashers, Drying Cabinets	90		.91
Stoves	12		.12
Refrigerators and Freezers	48		.48
Television	97		.98
Air Conditioners	10		.10
Heaters	24		.24
Vacuum Cleaners	2		.02
Radio, Hi-Fi, etc.	34		.34
Other	<u>35</u>		<u>.35</u>
	352		3.54
Furniture	269		2.70

## Furnishings

Carpets and Other Floor Coverings	167		1.68	
Curtains and Blinds	75		.75	
Other	<u>20</u>		<u>.20</u>	
	262			2.64
Hardware and Kitchenware	69			.69
Other	<u>13</u>		<u>.13</u>	
		1920		19.31

Motor Vehicles and Other  
Transport Equipment

New Motor Vehicles	544		5.47	
Used Motor Vehicles	1256		12.63	
Repair and Servicing Of Motor Vehicles:				
Mechanical	373		3.75	
Electrical	22		.22	
Panel Beating	101		1.02	
Other	<u>33</u>		<u>.33</u>	
	529			5.32
Parts and Accessories	259			2.61
Motor Bikes and Trail Bikes	52			.52
Other Transport Equipment:				
Caravans and Campervans	142		1.43	
Boats and Out- board Motors	61		.61	
Trucks	79		.79	
Other	<u>53</u>		<u>.53</u>	
	335			3.37
Other	<u>25</u>		<u>.25</u>	
		3000		30.18

## Building and Construction

New Home Construction	187		1.88	
Extensions and Renovations:				
Concreting, Blockwork, Brickwork, etc.	211		2.12	
Fences and Walls	41		.41	
Carpentry	29		.29	
Painting and Decorating	64		.64	
Plumbing	79		.79	
Electrical Work	35		.35	
Roofing and Insulation	87		.88	
Cladding	107		1.08	
Other	<u>76</u>		<u>.76</u>	
	729			7.33
Supply of Packages - Kitchens, Garages, etc.	86		.87	
Building Products	86		.87	
Swimming Pools	67		.67	
Gardening	74		.74	
Other	<u>7</u>		<u>.07</u>	
		1236		12.43

## Miscellaneous Products

Communications - Newspapers, Books, Periodicals, etc.	210		2.11	
Tools and Equipment	29		.29	
Sporting Goods	55		.55	
Jewellery, Watches and Clocks	224		2.25	

Miscellaneous Products  
(Cont'd)

Toys and Musical Instruments	47		.47	
Photographic Equipment	33		.33	
Chemical Products	47		.47	
Animals, Pets and Livestock	27		.27	
Other	<u>213</u>	885	<u>2.14</u>	8.90

Transport and Energy  
Services

Postal and Telephone Services	15		.15	
Public Utilities and Fuel Supplies	80		.80	
Travel	101		1.02	
Other	<u>15</u>	211	<u>.15</u>	2.12

Insurance and Finance

Insurance:

Life	43		.43	
General	70		.70	
Health	28		.28	
Motor Vehicle	182		1.83	
Other	<u>72</u>	395	<u>.72</u>	3.97

Finance:

Credit Cards	3		.03	
Store Credit	16		.16	

## Finance: (Cont'd)

Chattel Mortgage	7		.07	
Lay-by	2		.02	
Hire Purchase	110		1.11	
Lease	27		.27	
Other	<u>53</u>		<u>.53</u>	
	218		2.19	
Other	<u>2</u>		<u>.02</u>	
	615			6.18

## Real Estate and Accommodation

Investment	22		.22	
Purchase	113		1.14	
Lease and Rental	125		1.26	
Short Term Accommodation	51		.51	
Other	<u>15</u>		<u>.15</u>	
	326			3.28

## Miscellaneous Services

Professional Services	284		2.86	
Semi-Professional Services	220		2.21	
Household Services	276		2.78	
Educational	24		.24	
Entertainment, Restaurant, Catering	79		.79	
Other	<u>36</u>		<u>.36</u>	
		<u>919</u>		<u>9.24</u>
		9941		100.00

NOTES

1. Percentage sub-totals may not total exactly because of rounding of decimal places.
2. The above table is only a summary. Any person interested in a particular classification may obtain a copy of that classification on request to the Ministry.

APPENDIX C

Table 2 - Analysis of Consumer Complaints - Practice  
Classification - For The Year Ended 30th June 1978

## Advertising and Representations

Health and Safety	4		.03	
Price	177		1.45	
Quality	272		2.23	
Quantity	40		.33	
Performance, Benefit	174		1.42	
Sponsorship, Approval	17		.14	
Other	<u>300</u>		<u>2.46</u>	
		984		8.05

## Packaging and Labelling

Safety Label, Instructions	2		.02	
Operating Instructions	24		.20	
Contents, Description of,	18		.15	
Deceptive Packaging	12		.10	
Date of Manufacture on Packaging	6		.05	
Other	<u>11</u>		<u>.09</u>	
		73		.60

## Sales Methods

Unsolicited Product or Service	93		.76	
Door to Door Sales	188		1.54	
Auctions	15		.12	

## Sales Methods (Cont'd)

Mail Order Sales	230		1.88	
Over-Ticketing	6		.05	
Other	<u>193</u>		<u>1.58</u>	
		725		5.93

## Prices and Charges

Charge Above Quote	236		1.93	
Industry Pricing Policy	97		.79	
Overcharging	510		4.17	
Other	<u>87</u>		<u>.71</u>	
		930		7.61

## Quality of Product or Service

Product Faulty or Unsatisfactory	3872		31.69	
Installation	96		.79	
Servicing or Repair	1188		9.72	
Unavailability of Product, Component or Service	369		3.02	
Unsafe or Hazardous Product or Service	59		.48	
Unauthorized Repairs	45		.37	
Other	<u>54</u>		<u>.44</u>	
		5683		46.51

## Credit Practices

Repossession	71		.58	
Debt Collection	79		.65	
Deposits or Lay-By	422		3.45	



## Credit Practices (Cont'd)

Incorrect Interest or Credit Charge	116		.95	
Other	<u>56</u>	744	<u>.46</u>	6.09

## Contracts

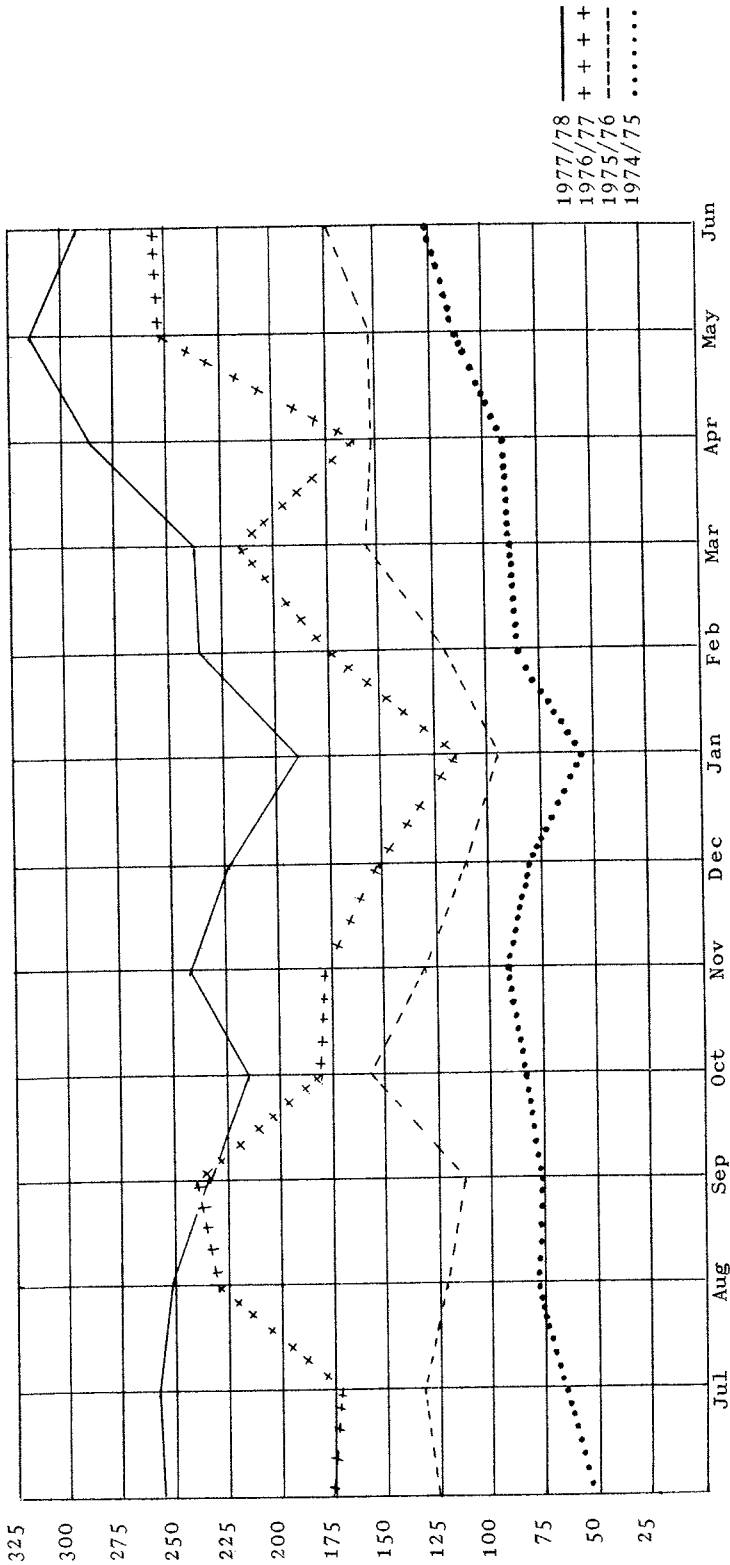
Harsh or Unconscionable Contracts	198		1.62	
Non-Disclosure or Misrepresentation of Terms	217		1.78	
Non-Performance	1483		12.14	
Retention of Bond	81		.66	
Other Landlord/Tenant Disputes	35		.29	
Other	<u>230</u>	2244	<u>1.88</u>	18.37

## Guarantees and Warranties

All	<u>835</u>		<u>6.83</u>	
	12218		100.00	
	<u>          </u>		<u>          </u>	

APPENDIX D  
SMALL CLAIMS TRIBUNALS

CLAIMS LODGED 1ST JULY 1974 TO 30TH JUNE 1978



APPENDIX E

Table 1 - Analysis of Claims Determined - Product/Service  
Classification - For The Year Ended 30th June 1978

## Food and Beverages

Food Products	-	-		
Beverages	3	.11		
Other	<u>-</u>	<u>-</u>	3	.11

## Clothing, Footwear and Drapery

Clothing	134	4.96		
Footwear	69	2.26		
Accessories	3	.11		
Drapery	6	.22		
Other	<u>3</u>	<u>.11</u>	215	7.97

## Consumer Durables

Electrical Goods,  
etc.

Washing Machines, Dishwashers, Drying Cabinets	10	.37		
Stoves	8	.30		
Refrigerators and Freezers	26	.96		
Television	34	1.26		
Air Conditioners	16	.59		

Electrical Goods, etc.  
 (Cont'd)

Heaters	18	.67	
Vacuum Cleaners	-	-	
Radio, Hi-Fi, etc.	22	.82	
Other	<u>14</u>	<u>.52</u>	
	148		5.48
Used Electrical Goods, etc.	16		.59
Repair of Electrical Goods, etc.			
Washing Machines, Dishwashers, Drying Cabinets	33	1.22	
Stoves	2	.07	
Refrigerators and Freezers	22	.82	
Television	40	1.48	
Air Conditioners	4	.15	
Heaters	11	.41	
Vacuum Cleaners	-	-	
Radio, Hi-Fi, etc.	13	.48	
Other	<u>4</u>	<u>.15</u>	
	129		4.78
Furniture	119		4.41

## Furnishings

Carpets and Other Floor Coverings	92		3.41	
Curtains and Blinds	38		1.41	
Other	<u>5</u>		<u>.19</u>	5.00
	135			
Hardware and Kitchenware	5			.19
Other	<u>11</u>		<u>.41</u>	20.86
	563			

Motor Vehicles and Other  
Transport Equipment

New Motor Vehicles	31			1.15
Used Motor Vehicles	323			11.97

Repair and Servicing  
Of Motor Vehicles:

Mechanical	264		9.78	
Electrical	1		.04	
Panel Beating	53		1.96	
Other	<u>25</u>		<u>.93</u>	12.71
	343			

Parts and Accessories	61			2.26
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Motor Bikes and Trail Bikes	8			.30
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Other Transport Equip-  
ment

Caravans and Campervans	23		.85	
Other	<u>26</u>		<u>.96</u>	1.82
	49			
Other	<u>19</u>		<u>.70</u>	30.90
	834			

## Building and Construction

New Homes	38		1.41
Extensions and Renovations:			
Concreting, Blockwork, Brickwork, etc.	110		4.08
Fences and Walls	40		1.48
Carpentry	19		.70
Painting and Decorating	44		1.63
Plumbing	91		3.37
Electrical Work	15		.56
Roofing and Insulation	12		.44
Cladding	5		.19
Other	<u>61</u>		<u>2.26</u>
	397		14.71
Supply of Packages - Kitchens, Garages, etc.	21		.78
Building Products	43		1.59
Swimming Pools	29		1.07
Gardening	34		1.26
Other	<u>11</u>		<u>.41</u>
	573		<u>21.23</u>

## Miscellaneous Products

Communications - Newspapers, Books, Periodicals, etc.	5		.19
Tools and Equipment	2		.07

Miscellaneous Products  
(Cont'd)

Sporting Goods	6		.22	
Jewellery, Watches, and Clocks	62		2.30	
Toys and Musical Instruments	9		.33	
Photographic Equip- ment	4		.15	
Chemical Products	-		-	
Animals, Pets and Livestock	10		.37	
Other	<u>57</u>		<u>2.11</u>	
		155		5.74

Transport and Energy  
Services

Post and Telephone Services	1		.04	
Public Utilities and Fuel Supplies	5		.19	
Travel	11		.41	
Other	<u>14</u>		<u>.52</u>	
		31		1.15

Insurance and Finance

Insurance	9		.33	
Finance	4		.15	
Other	<u>1</u>		<u>.04</u>	
		14		.52

## Real Estate and Accommodation

Investment	3		.11	
Purchase	9		.33	
Lease and Rental	4		.15	
Short Term Accommodation	7		.26	
Other	<u>2</u>	25	<u>.07</u>	.93

## Miscellaneous Services

Professional Services	40		1.48	
Semi-Professional Services	38		1.41	
Household Services	106		3.93	
Educational	4		.15	
Entertainment, Restaurant, Catering	10		.37	
Other	<u>88</u>		<u>3.26</u>	
		<u>286</u>		<u>10.60</u>
		2699		<u>100.00</u>

NOTES

1. Percentage sub-totals may not total exactly because of rounding of decimal places.
2. The above table is only a summary of the full classification. Any person interested in a particular classification may obtain a copy of that classification on request to the Ministry.



APPENDIX E

Table 2 - Analysis of Claims Determined - Practice  
Classification - For The Year Ended 30th June 1978

## Advertising and Representations

Health and Safety	-	-		
Price	-	-		
Quality	7	.25		
Quantity	1	.04		
Performance, Benefit	-	-		
Sponsorship, Approval	-	-		
Other	<u>39</u>		<u>1.40</u>	1.68
		47		

## Packaging and Labelling

- -

## Sales Methods

12 .43

## Prices or Charges

Charge Above Quote	16	.57		
Industry Pricing Policies	1	.04		
Overcharging	145	5.19		
Other	<u>115</u>		<u>4.12</u>	9.91
		277		

## Quality of Product or Service

Product Faulty or Unsatisfactory	847		30.31	
Installation	42		1.50	
Servicing or Repair Unsatisfactory	351		12.56	
Unavailability of Product Component or Service	7		.25	
Unsafe or Hazardous Product or Service	11		.39	
Unauthorized Repairs	16		.57	
Other	<u>890</u>		<u>31.85</u>	
		2164		77.45

## Credit Practices

Depossession	-		-	
Debt Collection	-		-	
Deposits and Lay-Bys	21		.75	
Incorrect Interest or Credit Charges	1		.04	
Other	<u>4</u>		<u>.14</u>	
		26		.93

## Contracts

Harsh and Unconscionable Contracts	-		-	
Non-Disclosure and Misrepresentation of Terms	3		.11	
Non-Performance	136		4.87	
Retention of Bond	-		-	
Other Landlord/Tenant Disputes	-		-	

os (Cont'd)

Table cher	<u>29</u>	168	<u>1.04</u> -	6.01
Guarantees and Warranties				
All		<u>100</u>	<u>3.58</u>	
		2794	100.00	
		<u>          </u>	<u>          </u>	

By Authority: F. D. Atkinson, Government Printer, Melbourne