



Coimisiún um
Iomaíocht agus
Cosaint Tomhaltóirí

Competition and
Consumer Protection
Commission

Making markets work better: the motor vehicle sector

Pat Kenny

Member, Competition and Consumer Protection Commission



Agenda

- Who we are
- What we do
- What we think



Who we are



- Combined competition and consumer protection agency (CCPC.ie)
- Formed 31 October 2014
- Mission: *to make markets work better for consumers and businesses*

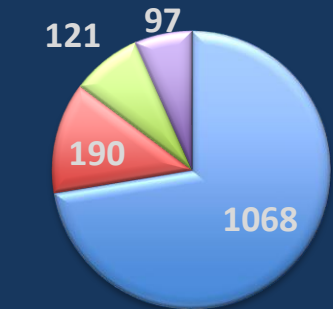
What we do



Enforcing consumer protection law

- Enforce consumer protection legislation & protect consumers from unfair practices
- Consumer helpline provides key market intelligence and informs our activity
- More than one in ten of all calls to helpline relate to vehicle consumer detriment
- Consumer Detriment Study 2014
- 80:20 rule: only worse. 14% of cases cause 91% of consumer detriment loss
 - Only focus was known detriment

**Common issues facing consumers
H1, 2015**



- Faulty/Poor after Service
- Retention of deposits
- Unfair practices
- Sale of goods

Criminal enforcement

- High priority on vehicle crime – particularly the selling of unsafe or clocked used cars
 - 2015 – 4 upcoming cases
 - 2014 – 3 convictions
 - 2013 - 2 convictions
- Hard core price fixing cartels (10 years in jail)
 - Assisting Ford dealer association cartel conviction - 12 month custodial sentence & €30,000 fine
 - Citroën Dealers Association Cartel – 3,6 & 9 month custodial sentences & €12,000 to €80,000 fines

Car dealer to pay compo after selling crashed vehicles

Safeguarding consumers

- The Commission acts as central point for Rapex alerts for hazardous non-food consumer items
- We have dealt with 29 car manufacturer recalls in our first year of existence
- The Commission also has a role as surveillance authority for some car accessories
- Working with the relevant authorities (RSA, NSAI etc.) to ensure smooth working relations and in ensuring no unnecessary duplication of effort



Compliance for business

- Role in relation to the approval of Alternative Dispute Resolution (ADR) entities under the Regulations – now accepting applications
- Benefits of ADR
- Will produce and maintain up to date list of approved entities under the Regulations

Credit intermediaries

- Responsible for the authorisation & register of credit intermediaries
 - 550 authorised motor dealers



Civil enforcement & advocacy

- Civil enforcement of competition law
 - Abuses of dominance
- Assess domestic mergers to ensure they do not substantially lessen competition

Advocacy & Consumer Information

- An informed consumer is a protected consumer
 - Consumerhelp.ie (1.5m hits a year)
- Reaching consumers that are contemplating purchasing – Carzone.ie takeover
- Consumer Helpline
 - Key source of market intelligence (50,000 calls)
- Resource for businesses that wish to comply - CCPC.ie



Shine a light on the hidden dangers
of buying a second hand car

get a clearer view with
ConsumerHelp.ie



Volkswagen Group Ireland Limited (VWGI)

- CO₂ declaration issue
- Potential consumer detriment (heretofore unknown)
- EA 189 - will fix impact negatively on
 - Fuel consumption/CO₂ emissions
 - Performance (BHP, torque curves, top speed etc.)
 - Service (intervals, cost, engine/parts life etc.)
 - Even if no impact the delay in making this clear may impact on consumers who want to trade in etc. Built in negative risk premium
- Loss of trust in the sector
- It is important that car manufacturers and sellers ensure complete transparency when dealing with consumers



What we think



Market insights

- Markets based on effective, proportionate regulation with informed and active consumers work best
- Consumer trust can be easily destroyed and is very hard to regain – e.g. banking sector has not yet recovered
- Motor vehicles are second only to housing in terms of value to consumers. Also an asset that consumers intend to dispose /trade in
- Competition on the merits of products protected by ensuring all play by the same rules
- Do not fix prices and/or margins



Keep consumers informed



THE MARKET FOR "LEMONS": QUALITY UNCERTAINTY AND THE MARKET MECHANISM *

GEORGE A. Akerlof

I. Introduction, 488. — II. The model with automobiles as an example, 488. — III. Examples and applications, 492. — IV. Counteracting institutions, 499. — V. Conclusion, 500.

I. INTRODUCTION

This paper relates quality and uncertainty. The existence of goods of many grades poses interesting and important problems for the theory of markets. On the one hand, the interaction of quality differences and uncertainty may explain important institutions of the labor market. On the other hand, this paper presents a struggling attempt to give structure to the statement: "Business in underdeveloped countries is difficult"; in particular, a structure is given for determining the economic costs of dishonesty. Additional applications of the theory include comments on the structure of money markets, on the notion of "insurability," on the liquidity of durables, and on brand-name goods.

The best approach to making the market work in the interests of consumers and legitimate businesses is to maximise the information that consumers have so that they can verify car history



Consumer insights

- Irish consumers are frustrated in terms of information they can easily acquire when they have a legitimate interest in a car
- Contrast to UK - can see mileage from MOT once cars are old enough to register on this system
- More information needs to be made available to ordinary consumers who can demonstrate a legitimate interest – this should be made available once car can be expected to be first sold on second hand market
- The Commission will advocate for the introduction of a similar system to that of the UK
- Also need a public register of written off vehicles
- Certification of proper repair for damaged vehicles

The screenshot shows the 'Check the MOT history of a vehicle' page on GOV.UK. It includes a registration number field, a note about mileage readings, and two sections for MOT history with fields for test date, expiry date, test result, and odometer reading.

Vehicle MOT history	
Check the MOT history of a vehicle	
Registration number	<input type="text"/>
Mileage readings are currently only available for MOTs done from 1 August 2011.	
Vehicle make	<input type="text"/>
Vehicle model	<input type="text"/>
Date first used	<input type="text"/>
Fuel type	<input type="text"/>
Colour	<input type="text"/>
MOT history of this vehicle	
Test date	<input type="text"/>
Expiry date	<input type="text"/>
Test result	<input type="text"/>
Odometer reading	<input type="text"/>
MOT test number	<input type="text"/>
Test date	<input type="text"/>
Expiry date	<input type="text"/>
Test result	<input type="text"/>
Odometer reading	<input type="text"/>
MOT test number	<input type="text"/>

The trader's role

- Legitimate businesses need to have their business models protected from fly by night operators that operate against the interests of consumers
- Extending our activities to take a proactive and risk-based approach based on inspections. We will identify where issues keep occurring and align inspections with these traders
- Legitimate traders have nothing to fear
- The others, you can expect to hear from us
- We will continue our dialogue to make the sector work better for consumers and businesses





Coimisiún um
Iomaíocht agus
Cosaint Tomhaltóirí

**Competition and
Consumer Protection
Commission**

Thank You

