

Reforming Consumer Policy

Summary of the alternative dispute resolution reforms proposed by Government for the home improvement sector.



OVERVIEW OF GOVERNMENT PROPOSALS

Reforming Competition and Consumer Policy

The government consultation published by BEIS in July 2021, sets out a vision for transforming the UK's competition and consumer policies to make it best in class, including reforms to consumer rights in the home improvement market, where there is *“stubbornly high levels of consumer harm, with problems not being resolved, and consumer satisfaction remaining low”*.

Within the Alternative Dispute Resolution (ADR) landscape, to strengthen both consumer rights and business competitiveness, the Government is proposing 4 key reforms:

1 ADR to be mandatory in the home improvement sector

The proposals include more immediate plans to make ADR a mandatory requirement for home improvement companies, based on the high volume and value of consumer detriment in the sector. Evidence shows that many consumer disputes could benefit from ADR, because it is less confrontational in nature and lower in cost to both businesses and consumers.

“Both sides have an alternative to the time-consuming and potentially costly route through the courts and levels the playing field for decent businesses who are doing the right thing.”

Proposals also include introducing a lower limit on the value of claims and potentially a nominal charge to consumers to allay business concerns over frivolous or low value complaints.

2 Speeding up access to ADR

Where a complaint cannot be settled, the Government is proposing that both consumers and businesses should have access to ADR at 4 weeks.

“There is a good case for halving the upper threshold of eight weeks in markets where ADR is mandatory so that businesses are incentivised to settle problems promptly and, if necessary, consumers can take complaints to ADR more quickly.”

Giving both consumers and businesses quicker access to ADR will help reduce stress, financial hardship, and the erosion of trust and potential reputational harm to businesses.

3 Improving consumer awareness and signposting

Most businesses try hard to resolve consumer complaints. However, when consumers and businesses cannot agree, the reforms propose making it easier and simpler for consumers to understand their rights. Evidence suggests that consumers still find it difficult to understand their redress options, make the right choice for them and navigate the routes to resolving their problems, particularly if they are vulnerable.

The government is working with established service providers, including Citizen's Advice, to understand how it can help improve awareness of ADR and how it works, as well as supporting vulnerable customers.

4 Improving the quality and consistency of ADR services

The government also intends to improve the quality and consistency of ADR services in consumer markets, to further increase business and consumer confidence in ADR.

Proposals include requiring that services are only delivered by accredited ADR providers through the application of a common legal framework around expertise, independence, impartiality, transparency, and annual reporting.

“Currently there are numerous non-accredited and unsupervised providers that offer dispute resolution on an informal basis alongside accredited providers. Mandatory approval by the Competent Authority would mean that all providers operate to a common set of quality standards and oversight.”

The Government is also proposing to introduce a ‘fit and proper’ approved-persons test for people in senior roles and strengthen the minimum service expectations of ADR including improving communications on case progression, dealing with straightforward cases as promptly as possible, and reporting publicly on outcomes.

The consultation process

Access to the full consultation ‘Reforming Competition and Consumer Policy’ can be found [here](#). The consultation closes on 1st October after which the government has 12 weeks to respond with expected changes to be implemented in early 2022.

HOW WILL THE REFORMS AFFECT TRADE ORGANISATIONS AND THEIR MEMBERS?

The UK home improvement market is now worth an estimated £44 billion and is set to expand rapidly with the Government's focus on a green recovery. However, it remains stubbornly high in the complaints tables published regularly by Citizen's Advice.

Mandating ADR will help improve the sector's reputation, but can businesses absorb the cost?

Good ADR providers can achieve successful and quick resolution thereby preventing costly litigation and saving businesses a lot of time and stress.

However, traditional ADR models focus on charging 'post-event' at the point of dispute via hourly or per case charges, which can cost upwards of £800 with the majority of the financial burden falling on companies.

One solution is to flip the current dispute resolution model to one that is 'pre-event' and enacted at the point of purchase.

This enables a provider to charge a nominal and fully inclusive price per installation, which is in line with the proposals allowing for consumers to be charged a nominal price to deter frivolous or low value complaints.

Or, given £8.9k average contract values, a nominal cost (around £5 - £15) could easily be absorbed within job margins, meaning it can be cash neutral too.

The timeframe to access ADR will be reduced from 8 to 4 weeks, which will put increased pressure on companies to resolve complaints more quickly and may encourage a higher number of complaints going to ADR and therefore increased costs.



Having a 'pre-event' model where ADR provision is included at a nominal price on every installation, means businesses do not have the risk of increased costs due to potentially higher volumes of ADR cases.

Good ADR providers will also provide root cause analysis and identify recurring problems so that businesses can put in preventative action to reduce complaints and the time and costs in managing them.

All providers of any form of ADR will need to be fully accredited. How will this affect those trade organisations who provide informal ADR services?

The government is aiming to improve the quality of ADR services, including the removal of informal ADR arrangements, currently unregulated. This means that those organisations will have to either become accredited, including passing the new 'fit and proper' approved-persons test, or stop providing any type of informal mediation or complaint resolution.

Partnering with an already certified ADR provider means that the trade organisation retains some control of the quality of ADR provided to their members, and ensure added value by working with an ADR provider to offer a bespoke and discounted package exclusive to members.

QASSS RESPONSE TO THE CONSULTATION



QASSS provides industry-leading and award winning ADR services to home improvement and renewable energy companies. The government reforms are welcomed by us, but we would also add that the proposals could go further, including:

1. Improving resolution times

The industry standard for ADR bodies across all sectors is a staggering 80 days! We have demonstrated that through the use of technology, core knowledge in a sector, and by utilising experts with a similar mindset, the average dispute resolution times can be reduced to less than 4 days.

2. Better use of data, intelligence, and working with companies to help improve standards

At QASSS, we provide monthly management reporting, including root cause analysis to drive continuous improvement and work with companies directly to help reduce the number of complaints and disputes, whilst developing their processes to mitigate service and product risks. In return this reduces the cost of ADR.

3. Retaining a 3-tier approach to customer complaints

1. Company and consumer engage in general complaints process.
2. Complaint escalated to ADR services provider after 28 days, or earlier should deadlock be reached.
3. Dispute is only escalated to an Ombudsman if unresolved by the initial ADR provider.

From our experience, this staged approach is key to avoiding court proceedings. It creates a real escalation process for both consumers and businesses, which provides a feeling that the parties involved have been equally heard.

4. A new pricing model

As the majority of the cost burden falls on businesses, QASSS recommends a pricing model that involves a pre-event product at a nominal unit cost with all-inclusive pricing per installation (usually less than £15 per installation).

QASSS MANAGING DIRECTOR, CIARAN HARKIN



This announcement of consumer policy reforms is a welcome one and something that many believe should have happened some time ago. The proposals set the foundations and challenge for the ADR landscape to really drive innovation that delivers better service for businesses and consumers.

We now potentially have the legislation to make ADR mandatory in the home improvement sector, which will save both businesses and consumers the time, stress and cost of going to court, and, as many home improvements projects are financed on credit, reduce section 75 claims.

It's now up to the ADR providers and the Ombudsman to up their game and ensure we provide the best possible services to the home improvement industry.

We will be fully contributing to the consultation process with an eagerness to challenge the current ADR landscape in terms of performance and structure, and we are keen to work with stakeholders to ensure the landscape delivers fast and fair outcomes for both businesses and consumers.

As an Approved Body with Chartered Trading Standards Institute, we are well positioned to respond to any changes in legislation. Coupled with our deep knowledge and expertise across the home improvement sector, our services lead the market in terms of innovation, speed and value.

OUR ADR SERVICES AND HOW WE CAN HELP

ADR is what we are famous for. We are the only CTSI approved ADR provider with over 10 years' experience in the home improvement sector (all verticals including renewables).

Due to our industry-leading speed (our average dispute resolution time is less than 4 days), we move quickly to take complaints that are escalating and gain fair and reasonable resolutions that both parties can agree to, using mediation and conciliation.

Uniquely in the ADR space, we can also complete any remedial works needed via an independent approved contractor network.

Dispute Assist

Our innovative Dispute Assist product is the first ever 'pre-event' ADR solution, which gives trade organisations, their members and consumers access to the QASSS award-winning service at a nominal price.

Plus, with Dispute Assist, companies get all-inclusive dispute resolution services – this includes all costs including mediation and conciliation, independent inspections, expert witnesses and Ombudsman access – so there are no surprise bills.

Why organisations are recommending

Dispute Assist

- ✓ Avoid costly litigation and compensation payouts
- ✓ Hassle-free and super quick service
- ✓ Cutting-edge interactive technology
- ✓ Fulfil legal obligations
- ✓ Preferential rates from lenders as dispute ratio reduces
- ✓ Add value to the sale and win new business
- ✓ Neutral cashflow impact
- ✓ Transparent pricing
- ✓ Increase brand reputation
- ✓ Trusted all-in-one dispute resolution

Click [here](#) to find out more about Dispute Assist.



QASSS Ltd
11th Floor, 3 Piccadilly Place,
Manchester, M1 3BN

0161 676 0919
enquiries@qasss.co.uk
qasss.co.uk