



AUSTRALIAN COMPETITION
& CONSUMER COMMISSION

New Car Retailing Industry market study: consumers' factsheet

December 2017



The ACCC has looked into competition and consumer issues in the new car retailing industry.

We considered a number of issues which affect new car buyers, including:

- consumer guarantees and new cars
- fuel consumption and emissions performance
- access to repair and service information by independent repairers.

What we found

Consumers are having a hard time enforcing their consumer guarantee rights under the Australian Consumer Law

Existing laws provide consumers with an extensive range of consumer rights to protect them from new cars that are defective or fail to perform as promised. In particular, the consumer guarantee provisions under the Australian Consumer Law (ACL) include the right to a refund, replacement or repair, regardless of whether the car is covered by a manufacturer's warranty or a dealer's extended warranty.

But when a new car is defective or fails to perform as promised, consumers often struggle to enforce their consumer guarantee rights. An obstacle faced by consumers when trying to get a remedy is the failure of car manufacturers' complaint handling systems and policies across the new car industry to adequately take consumer guarantee rights into account.

Commercial arrangements between manufacturers and dealers which focus on warranty rights to the exclusion of consumer guarantee rights can also constrain and adversely influence the response of dealers to customer complaints.

Consumers are not receiving accurate information about the fuel consumption or emissions performance of new cars

Many consumers believe that advertised fuel consumption and emissions performance figures are what they will experience in real-world driving conditions. However, there is often a gap between advertised and real-world fuel consumption and emissions.

For example, we've seen research that indicates that real world fuel consumption is on average 23 per cent higher than official laboratory test results. This research also suggests that the gap between laboratory and real-world fuel consumption is not consistent across car types or brands, and has been increasing in recent years.

In some cases, manufacturers aren't appropriately qualifying the fuel consumption claims they make to consumers.

Independent repairers are experiencing issues gaining access to the technical information they need to repair and service new cars

We know that at least one in ten new car buyers use an independent repairer to repair or service their new car. However, we discovered that independent repairers are having problems accessing the technical information they need from car manufacturers to repair and service new cars.

We consider that car manufacturers should provide independent repairers with the same level of access to technical information as they provide their authorised dealers. This will encourage competition in the repair and service market to the benefit of consumers, and help to ensure that new car buyers have a choice of repairers.

Recommendations and ACCC actions

In our final report, we recommend:

- the ACL be enhanced to:
 - provide consumers with additional clarity about when they are entitled to a refund or replacement under consumer guarantees
 - require specific forms of disclosure in relation to extended warranties
- car manufacturers should transform their approach to the handling of consumer guarantee claims or risk action for non-compliance with the ACL
- car manufacturers should update their complaint handling systems to ensure consideration of consumer guarantee rights are embedded in all relevant systems, policies and procedures
- the introduction of more realistic laboratory tests for fuel consumption and emissions performance, and testing for vehicle emissions under real world conditions
- enhancing the quality of information that appears on mandatory fuel consumption labels, including the potential adoption of a star rating system to help consumers more easily compare fuel consumption and emissions across different car models

- a new mandatory scheme be introduced setting out the rules for car manufacturers to share technical information with independent repairers. This should:
 - cover all car manufacturers who sell their cars in Australia
 - include real time access for independent repairers to the same technical information car manufacturers make available to dealers
 - provide a process for independent repairers to access environmental, safety and security-related technical information, including the vetting of those seeking to access such information and tracing its use
 - be available on commercially fair and reasonable terms.

We're also going to:

- work with manufacturers and dealers to develop a concise and simple explanation of consumer guarantee rights under the ACL, and their interaction with warranties, which should be provided to consumers when they buy a new car
- update the *Motor vehicle sales and repairs—an industry guide to the Australian Consumer Law*, to ensure this publication provides additional guidance to consumers about consumer guarantees under the ACL. Guidance may also be designed for use by businesses, including dealers, regarding their rights and obligations under the ACL.

Enforcement

The ACCC has recently taken action against manufacturers in relation to consumer guarantees and emissions claims (see examples below). We will continue to enforce the law to target claims or conduct that may mislead or deceive consumers about their consumer guarantee rights.

We will also continue to actively monitor the reports made to us and emerging issues in the sector.

Recent actions connected with the ACCC's Enforcement activities

[Holden undertakes to comply with consumer guarantees](#)—2 August 2017

[ACCC takes action against Ford](#)—26 July 2017

[ACCC takes action against Audi over diesel emission claims](#)—8 March 2017

[ACCC takes action against Volkswagen over diesel emission claims](#)—1 September 2016

[ACCC accepts administrative undertaking from Fiat Chrysler](#)—11 September 2015

More information

For more information on the study and to read the final report, visit www.accc.gov.au/newcars.