

Consumer Codes Approval Scheme
Frequently Asked Questions
May 2008

Q. What is the CCAS?

- A.** The CCAS is a means of approving and promoting consumer codes of practice that meet the OFT's core criteria and that work well for consumers in practice. It aims to safeguard consumers' interests by helping them identify businesses with higher standards of customer care. By signing up to an OFT Approved code, a trader has agreed to provide the consumer with the benefits that are outlined in the code. These include clear pre-sale information, fair terms, and access to an independent redress mechanism.

An OFT Approved code offers higher levels of customer service than that required by the law, and specifically addresses areas of concern and consumer detriment in a particular sector. Although using a business that complies with an approved code cannot guarantee that all transactions will be trouble free, a straightforward procedure will be in place for resolving complaints. If members fail to comply with the code, the code sponsor is expected to discipline them.

Q. Why should consumers trust traders who have signed up to OFT Approved codes?

- A.** By signing up to an OFT Approved code, a trader has agreed to provide the benefits to the consumer outlined within the code of practice, including access to an independent redress mechanism. Codes are still owned by the code sponsor who is responsible for monitoring compliance with it by its members. If members fail to comply with the code, the code sponsor is required to discipline them and eventually could even expel them. Also, the OFT's priority is to ensure that only codes which continue to provide benefits for consumers by meeting our core criteria retain approval once it is granted.

Q. Which consumer codes of practice have achieved OFT approval?

A. So far seven consumer codes of practice have achieved OFT approval:

- the Society of Motor Manufacturers and Traders' New Car Code of Practice on 27 September 2004
- the Vehicle Builders and Repairers Association Limited's consumer code of practice on 13 October 2004
- the Direct Selling Association's consumer code of practice on 16 December 2004
- the Ombudsman for Estate Agents Company Ltd on 8 September 2005
- The Carpet Foundation on 2 January 2007
- Robert Bosch Limited on 9 July 2007
- The British Association of Removers on 15 February 2008

Q. Why has ABTA withdrawn from the CCAS?

A. On the 1 September 2006, ABTA issued a new code which made changes to their financial protection arrangements. Under these new arrangements consumers' deposits and prepayments are no longer protected to the same extent as the previous OFT approved code. ABTA decided to withdraw from the CCAS.

The OFT is disappointed with the situation but the door is open for further discussions with ABTA.

Q. What does a code sponsor have to do to achieve approval for its code?

A. The approval process consists of two stages. At the first stage, the code sponsor promises that the code meets our core criteria (our *Core criteria and guidance* [OFT390] publication can be downloaded from www.offt.gov.uk/codes - see Publications). They submit the code and CCAS application form to us and these are assessed by a CCAS case manager. Consultation throughout the OFT and with consumer bodies is also carried out.

To complete Stage One, each of the core criteria must be met in principle and the code sponsor is expected to address the issues that were identified during the consultation exercise. It will usually be necessary for them to

redraft the code. There is no OFT approval at this time, but the successful completion of Stage One is publicised.

To complete Stage Two, the code sponsor must provide evidence that proves the code is working in practice. Among other things, this will include demonstrating the following:

- members' compliance with the code is being effectively monitored and that their compliance level is high
- customer satisfaction is being regularly assessed and the results should show a high level of satisfaction
- complaints are being handled in accordance with the procedures, and
- consumer organisations are being consulted throughout the operation and monitoring of the code.

We can only give approval once we are satisfied our published standards are met.

Q. Which consumer codes of practice have completed Stage One?

A. The consumer codes of practice of the following code sponsors have so far completed Stage One of the two stage process:

- MVRA Ltd
- Debt Managers Standards Association
- Safebuy
- BHTA (British Healthcare Trades Association)
- Renewable Energy Association (REAL Code)
- Institute of Professional Willwriters (IPW)

We are currently working with them towards OFT approval of their codes.

The code administered by the Lift and Escalator Industry Association (LEIA) completed Stage One of the CCAS process on 16 April 2007. The LEIA have decided not to proceed with their application for approval at this time, but remain positive about the CCAS and hope to reapply when circumstances change.

The joint consumer code of practice of the Retail Motor Industry Federation/Scottish Motor Trader Association also completed Stage One of the process. However they decided to withdraw their joint application on 15 September 2004.

Q. How does the OFT decide which sectors to invite to apply for approval?

A. The targeted sectors are selected by OFT considering the sector with reference to our published criteria. We consider whether:

- is it likely a code in this sector would gain OFT approval and deliver measurable benefits to consumers?
- is the sector without a statutory regulator or competing quality assurance scheme?
- is the consumer faced with complex products or information in this sector?
- are high-risk transactions commonplace in this sector?
- is there low consumer awareness of products and rights in this sector?

Q. Who can apply under the CCAS?

A. The Enterprise Act has broadened the range of organisations we can consider under the CCAS so we can now consider applications from code sponsors who aren't necessarily trade associations. We define a code sponsor as any body capable of administering a voluntary (as opposed to a statutory) consumer code and of influencing and raising standards within its sector. A code sponsor within one of the sectors from which we accept applications can apply for its code to be considered for approval. Interested code sponsors should initially contact the Codes team to find out if they can apply.

Q. How many more Stage One applications have been submitted?

A. We are currently working with a number of code sponsors to completion of Stage One and are close to announcing further successes. We have recently invited interested code sponsors from outside the original sectors and expect to receive more applications soon.

- Q. How long does it take to move from completing Stage One to OFT approval?**
- A.** We anticipate that it takes at least six months from the completion of Stage One for code sponsors to provide the necessary evidence to show that the code has satisfied the requirements of Stage Two and is ready for OFT approval.
- Q. What kind of evidence do you expect code sponsors to supply to satisfy Stage Two?**
- A.** This will depend on the individual sponsor, and the criteria in question, but evidence could include mystery shopping exercises, independent compliance audits and also complaints data to show that the code is being effectively implemented by all who claim to adhere to it.
- Q. What if some codes fail to gain OFT approval? Do the code sponsors get a second chance?**
- A.** Stage Two is an evidence-building process. OFT approval will be granted when all of the relevant evidence has been provided. In some sectors this may take longer than others. If we became concerned that the evidence might never be provided, we would review the position with regard to the code's completion of Stage One.
- Q. How are codes that have gained OFT approval monitored?**
- A.** We require the code sponsor to review the code regularly and develop performance indicators. The code sponsor must implement and publish the results of the performance indicators to demonstrate the effectiveness of the code. The code sponsor is also required to update the code provisions as and when necessary and to assess consumer satisfaction on a regular basis. The code sponsor is expected to publish an annual report on the operation of the code (preferably via an independent person or body). This will include the numbers and types of complaints referred for conciliation and to the independent redress system. A copy of this report is provided to us.

Q. How does the OFT monitor approved codes?

A. In addition to evaluating the results of the code sponsor's own monitoring, we undertake our own monitoring of the code's effectiveness. We use several sources for this, including complaint data supplied by Consumer Direct, Local Authority Trading Standards Service, and our own Enquiries and Preliminary Investigations Centre. We also use information from market investigations carried out by the OFT.

Q. How does the OFT protect its 'Approved code' logo from misuse?

A. The OFT protects the logo from misuse by use of a copyright licence which sets out the terms and conditions on usage. Code sponsors must sign this licence and disseminate the terms and conditions on use of the logo to its members. Code sponsors are also expected to monitor their members' compliance with the terms and conditions on usage of the logo and take appropriate action to rectify misuse. The OFT also monitors usage and may take action itself against a code sponsor or any business which misuses the logo, or uses the logo without the OFT's permission.

Q. Where should consumers look for the logo?

A. Members of an OFT Approved code can use the logo on such things as business stationery, promotional material (including brochures, posters, TV advertising, exhibition stands, mailshots, catalogues promotional gifts and calendars), newspapers or other advertisements, websites, windows and doors, advertisement hoardings, name plaques, business and professional directories and commercial vehicles.

Q. How will approval be withdrawn from OFT Approved codes?

A. Our priority is to ensure that only codes which continue to provide benefits for consumers by meeting our core criteria retain approval once it is granted. Where we have grounds to conclude this is no longer the case, we will investigate, and if appropriate, publicly withdraw approval for the code. Our aim is that consumers should have confidence when they see the Approved code logo on display and we will need to ensure that only those who can justify this confidence are allowed to display the logo.

Q. Does it mean that businesses that follow a code that hasn't been approved aren't any good?

A. No. What OFT is offering is only one form of self-regulation. There are many organisations that operate successful codes of practice, but they are not suitable for the CCAS or not part of it for some other reason. For example, the codes have a large business-to-business element (the CCAS is for voluntary, i.e. non-statutory, business-to-consumer codes.)

Furthermore, we aim to avoid duplicating the work carried out by other self regulatory schemes or regulators (such as the FSA, OFCOM or OFWAT), and many businesses that follow a code may already be covered by these.

Q. Is it likely that businesses that participate in the CCAS will incur additional costs that will be passed on to the consumer in the form of higher prices?

A. It does not cost code sponsors or businesses anything to apply, but there may be costs attached to the successful operation of their code, particularly monitoring the compliance of members and conducting customer satisfaction surveys.

Although membership fees might rise to cover these costs, OFT expects this to be offset by the additional business that should result from receiving OFT approval and promotion. It is hoped that consumers will recognise the benefits of doing business with members of OFT approved codes, but traders should understand that higher prices are unlikely to bring in new customers.

Q. Can you accept applications from builders and contractors?

A. Trustmark is a scheme supported by Government that helps consumers find reputable firms to do repair, maintenance and improvement work in the home.

The intention is that TrustMark approval should act as a 'stepping stone' to achieving CCAS Approval for individual schemes in the industry, and potentially for the industry as a whole.

We could therefore consider an application under the CCAS but we would expect the interested party to have already achieved the standards set by

TrustMark and if they hadn't done this we would encourage them to apply to the TrustMark scheme first. For further information visit the TrustMark website on www.trustmark.org.uk.

Q. Does the OFT provide a model code for sponsors to use?

A. No. We believe that there are too many variations across sectors for a model code to be of practical use. We would also be concerned that standardisation of codes would result, leading to a loss of innovation on how sectors could tackle consumer problems within their codes.

Q. Can consumers find a list of those codes that have completed Stage One and those codes that have gained OFT approval?

A. Consumers can find members of an OFT Approved code through using a search facility on our website www.of.gov.uk/codes If consumers wish to view a copy of the sponsor's consumer code, this should be available on request from the sponsor or code member. The codes website also has links to the websites of sponsors of approved codes and those code sponsors who have completed Stage One.

Q. How is the OFT promoting the new scheme to consumers?

A. We began with sectoral campaigns for the first codes we approved followed by a national campaign to launch the CCAS and the Approved code logo to consumers on 5 October 2005 (see OFT press release 187/05). Further initiatives followed to re-inforce the CCAS message to consumers and promote the Approved code logo.

March 2007 saw another major CCAS campaign targeting six areas: London, West Midlands, Greater Manchester, Tyneside, Scotland and Wales. A particular focus for this campaign was the CCAS website which allows consumers to search for businesses in their area which operate under an OFT Approved code of practice. The *'Buy with confidence'* when you see the OFT Approved code logo message was advertised on radio, posters and bus rears in the targeted areas, with national and local media targeted throughout the campaign.

Another CCAS consumer campaign was run in March 2008 which targeted those areas not covered in the March 2007 campaign ensuring that the whole of the UK has been covered. The target areas were: Yorkshire and Humberside, East of England and the South East (with some activity in London), South West and Northern Ireland. The campaign message 'Buy with confidence when you see this sign' was advertised on radio, posters and buses.

The OFT also ran a business awareness campaign alongside the consumer campaign. This was designed to complement the consumer media activity and targeted local and trade press in the target areas. A key tool of the business campaign was our business leaflet *Give your business the edge* which was used in mailshots, events and email distribution.