

objective 2: promoting good consumer practice through self-regulation

Self-regulation has a vital part to play in raising the standard of trading practices. Under the Enterprise Act 2002, we have powers to develop effective self-regulation through approving and promoting consumer codes of practice. Our new Consumer Codes Approval Scheme is designed to help consumers identify trustworthy traders and to encourage businesses to offer a higher level of customer service than required by law.

Performance against our annual plan

Objective	
We will raise trading practices through self-regulation.	
Our commitment	Our performance
Assess all codes of practice, submitted by sponsors in the original priority sectors, against the core criteria to Stage One level.	<ul style="list-style-type: none">Carried out Stage One assessments of codes submitted by 16 sponsors.
Encourage Stage One sponsors to provide sufficient and appropriate evidence for their codes to achieve OFT approval.	<ul style="list-style-type: none">Worked with four sponsors who completed Stage One to encourage them to provide sufficient and appropriate evidence to achieve OFT approval.
Expand the codes approval scheme to include sectors outside the original priority sectors.	<ul style="list-style-type: none">Expanded the scheme to a further seven sectors so that 16 sectors are now included.

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Evaluate the policy regarding applications from organisations other than trade associations.

- Finalised our policy on non-trade association code sponsors and the viability of including codes operated by non-trade association members.

Launch the consumer codes approval scheme nationally to consumers in February 2004, followed by a programme of regional launches and events during 2004-05.

- Scheme not yet launched nationally to consumers due to change in marketing plans.

During 2003-04, the OFT spent £1.03m on achieving this objective.

This money was allocated as follows:

Staff costs	£0.88m
Publicity and events	£0.08m
Special projects and consultancy	£0.07m

Consumer Codes Approval Scheme

We operate the UK's Consumer Codes Approval Scheme, which was formalised in law on 1 April 2003 when the relevant provision of the Enterprise Act came into force. It is the first scheme in Europe to offer government-backed approval to codes of practice meeting certain standards.

Under the two-stage scheme, a code sponsor such as a trade association submits its draft code to the OFT for assessment. When we are satisfied that the code meets our core criteria (covering issues such as customer service standards, compliance, complaints-handling and independent redress), we announce the sponsor has completed Stage One.

The sponsor then moves to Stage Two where it has to demonstrate, with evidence, that its code is operating effectively. Once the burden of proof has been met by the sponsor, we can approve the code, and businesses operating to that code can then be licensed to use and display the OFT 'Approved Code' logo.

The OFT approves and promotes codes shown to safeguard and promote consumers' interests beyond the basic requirements of the law. We reserve the right to withdraw approval if evidence later suggests the code is not serving consumers well.

Progress

At the start of 2003-04, there were four code sponsors whose codes had already completed Stage One: the Association of British Travel Agents (ABTA), the Vehicle Builders and Repairers Association Ltd, the Ombudsman for Estate Agents Company Ltd and the Direct Selling Association. During the year, we worked with them to assess the effectiveness of their codes and encouraged them to provide sufficient and appropriate evidence to gain approval. Although none of the four sponsors achieved approval in 2003-04, they made considerable progress towards that goal.

During the year, we assessed applications from a further 16 code sponsors. Discussions were held with 25 other sponsors who were considering making a formal application.

We recognise that securing OFT approval presents significant challenges to code sponsors and participating businesses. It demands time, effort and resources. But we believe the rewards for businesses of abiding by an OFT-approved code of practice will greatly outweigh the costs.

Expanding the scheme

When we first launched the Consumer Codes Approval Scheme in 2001, we invited applications from sponsors in seven sectors where we felt codes of practice would deliver significant benefits for consumers. Later in the year, we extended the invitation to sponsors in two additional sectors.

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During 2003-04, we devoted more resources to the scheme and were therefore able to invite applications from code sponsors in a further seven sectors.

To date, we have invited sponsors from the following sectors to participate: assistive products, car repair and servicing, computers, credit, direct marketing, domestic appliance repair, estate agents, funerals, furniture, introduction services, pest control, photography, removers, ticket agents, travel and used cars.

Although we expect most applicants to the scheme will be trade associations, during 2003-04 we invited a number of Trading Standards Local Trader Schemes to submit their codes of practice. Several schemes registered their interest in applying and we began informal discussions with them.

Promoting the scheme to consumers

In January, we revised our plans for launching the scheme to consumers. Instead of a national launch, we decided we would be able to raise consumer awareness more effectively through targeted marketing campaigns, within particular sectors, once the codes have been approved. We will be running press advertisements, producing and distributing publicity materials and seeking media coverage. Once there are approved codes across several sectors, we will launch a large-scale campaign to raise consumer awareness nationally.



In addition, a new website will explain the scheme to consumers and allow them to identify businesses that participate in OFT-approved codes. The website was developed during 2003-04 and is ready to be launched to consumers when the first code is approved.

The scheme will also be promoted to the general public through our regional roadshows.

Promoting the scheme to business

We held a number of national and regional events to promote the consumer codes scheme to trade associations and businesses.

We published a leaflet, 'Inspire customer confidence', outlining the scheme to prospective code sponsors. It explains how the scheme will reward businesses by helping them raise customer service levels, attract and retain customers and build their competitiveness.

A promotional CD-ROM was also produced to explain to businesses the benefits of the scheme.