

objective 1 encouraging businesses to improve trading practices

We seek to improve trading practices through the Consumer Codes Approval Scheme. The scheme helps consumers identify better businesses and encourages businesses to improve their trading practices.

Performance against our annual plan

<p>Objective</p> <p>We will encourage businesses to raise their trading practices in their dealings with consumers, for example through effective self-regulation.</p>	
<p>Our commitment</p>	<p>Our performance</p>
<p>Promote the codes scheme nationally through a range of activities to raise awareness to consumers and business.</p>	<ul style="list-style-type: none"> • Promoted the scheme to consumers through launches in sectors served by OFT Approved codes.
<p>Encourage new code sponsors within 16 agreed sectors to apply for OFT approval.</p>	<ul style="list-style-type: none"> • Encouraged code sponsors in 17 sectors to submit codes.
<p>Set up focus groups to help identify consumer detriment:</p> <ul style="list-style-type: none"> • to enable us to target promotion of the scheme in those sectors where most detriment exists • to assist in the monitoring of the effectiveness of codes developed under the scheme. 	<ul style="list-style-type: none"> • Ran focus groups and used findings to inform our work.

During 2004-05, the OFT spent £1.21m on achieving this objective. This money was allocated as follows:

Staff costs	£0.87m
Publicity and events	£0.16m
Other operating costs	£0.18m



Consumer Codes Approval Scheme

The Consumer Codes Approval Scheme (CCAS) aims to promote and safeguard consumers' interests by helping them identify better businesses and by encouraging businesses to raise their level of customer service beyond the requirements of the law. The scheme gives consumers confidence that they will be treated fairly by companies subscribing to OFT approved codes.

Under the two-stage scheme, a code sponsor such as a trade association submits its draft code for assessment. When we are satisfied it meets our core criteria, we announce that the sponsor has completed Stage One. The sponsor then moves to Stage Two where it has to demonstrate that its code is operating effectively. Once the sponsor has met the burden of proof, we can approve the code and its members can be licensed to use the OFT 'Approved code' logo.

First approved codes

We approved three codes of practice during 2004-05. Codes operated by the Direct Selling Association (DSA), the Vehicle Body and Repairers Association (VBRA) and the Society of Motor Manufacturers and Traders (SMMT) were the first codes to secure our approval.

DSA members include many household names. Together, its members use the services of almost 400,000 individual direct sellers and account for more than 70 per cent of direct sales in the home.

Benefits to consumers of the DSA code of practice include:

- a 14-day cooling-off period during which they can cancel the contract
- guidance and training for direct sellers to ensure they act with integrity and do not use misleading, deceptive or unfair practices
- a free independent arbitration scheme.

The VBRA code covers vehicle-body builders and repairers across the UK. It commits them, among other things, to providing estimates or quotations on request and appointing a customer service manager.

All the volume carmakers and the majority of small manufacturers have signed up to the OFT approved SMMT New Car Code of Practice. As a result, the code covers almost all the 2.5 million new cars that come onto the UK market every year. Under the code, carmakers are subject to ongoing monitoring of their conduct with financial penalties for those who fail to comply.

Progress of other codes

At the end of 2004-05, three other code sponsors had completed Stage One and were working towards approval: the Association of British Travel Agents, the Ombudsman for Estate Agents, and the MVRA (formerly the Motor Vehicle Repairers Association).

The joint code of the Retail Motor Industry Federation and the Scottish Motor Trade Association also completed Stage One of the process but they decided to withdraw their application in September 2004.

A further 16 code sponsors had submitted their codes and were working towards Stage One.

Promoting the scheme to consumers

We raised consumer awareness of the Consumer Codes Approval Scheme (CCAS) through publicity campaigns in the sectors served by OFT approved codes.

The campaign to launch our approval of the DSA code was spearheaded by TV actress Sherrie Hewson, who

has starred in *Coronation Street* and *Emmerdale*. It was promoted through a video news release, a press conference and advertisements in a wide range of women's magazines. In addition, DSA members issued their salespeople with a leaflet that explains the scheme to consumers.

We promoted OFT approval of the VBRA and SMMT codes by working with the sponsors to produce leaflets that were made available through their members' places of business. We also held press launches, issued video and audio news releases, and placed advertisements in motoring magazines and on petrol pumps.

More generally, we launched the codes website in 2004-05. This powerful new tool allows consumers to search for businesses that participate in OFT approved codes.

A major campaign to launch the CCAS to all consumers is planned for 2005-06.

> www.codes.of.gov.uk

Promoting the scheme to business

We wrote to trade associations and other prospective code sponsors to invite them to apply for code approval and held meetings with 30 would-be sponsors to give them informal guidance on submitting a code. We also hosted an event for representatives of more than 30 Trading Standards Local Trader Schemes.

Research

To inform our work on the CCAS, we carried out research among consumers who had experienced problems with goods or services. We commissioned six focus groups which confirmed that the current sectors covered by the scheme are those in which consumers experience greatest detriment.

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