

Future of Consumer Goods and Services Ombudsman at risk

By [Wendy Knowler](#)

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The future of the Consumer Goods and Services Ombudsman (CGSO) - a vital dispute resolution service for consumers who feel their rights have been rubbished by retailers - is at risk because thousands of businesses are refusing to register and fund it.



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"This would have disastrous consequences for consumers," said Ombudsman Neville Melville, because the National Consumer Commission, which was mandated to handle consumer complaints relating to the Consumer Protection Act, no longer does so after becoming swamped. Since 2013 that role has been filled by the CGSO.

To try to prevent closure, Melville and the CGSO, a not-for-profit company, have applied to the High Court in Pretoria for an order declaring that its code of conduct makes it compulsory for eligible businesses to sign up and pay towards the CGSO's operating costs and that they be compelled to disclose annual turnover figures to determine their fee.

The fees range from R1,500 a year for businesses with an annual turnover of between R1-million and R5-million, to R250,000 for those with a turnover of more than R3-billion.

Although most of the major retail groups have registered and pay their fees, the refusal of many thousands of other businesses to come to the party has put the organisation "under severe financial pressure".

In his supporting affidavit Melville said his office had to use its resources to deal with all complaints submitted by consumers - for whom it's a free service - irrespective of whether the business they are complaining about is a CGSO member. He said the CGSO would have been forced to close at the end of the 2014-2015 financial year had the office not offered existing members a discounted annual levy if they made early payment for the following year.

It has the fewest staff members by far - just 12 - of all the ombud's offices. In the past financial year the office handled 5,453 complaints. That number is expected to reach 6,000 this year. Although they aimed to resolve complaints within two months, scores of cases remain unresolved beyond that time because the office cannot afford to employ more staff, Melville said.

The respondents are the Minister of Trade and Industry, the Consumer Goods Council and Bidvest company Voltex, which paid its CGSO fee last June and then two months later demanded a refund on the grounds that the ombud's code did not allow for the levying of a fee.

The CGSO has been refused overdraft facilities by its bankers, has limited reserves and can't look to either the Consumer Goods Council or the government for financial assistance if its funds run out by the end of the year, he said.

Source: The Times

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