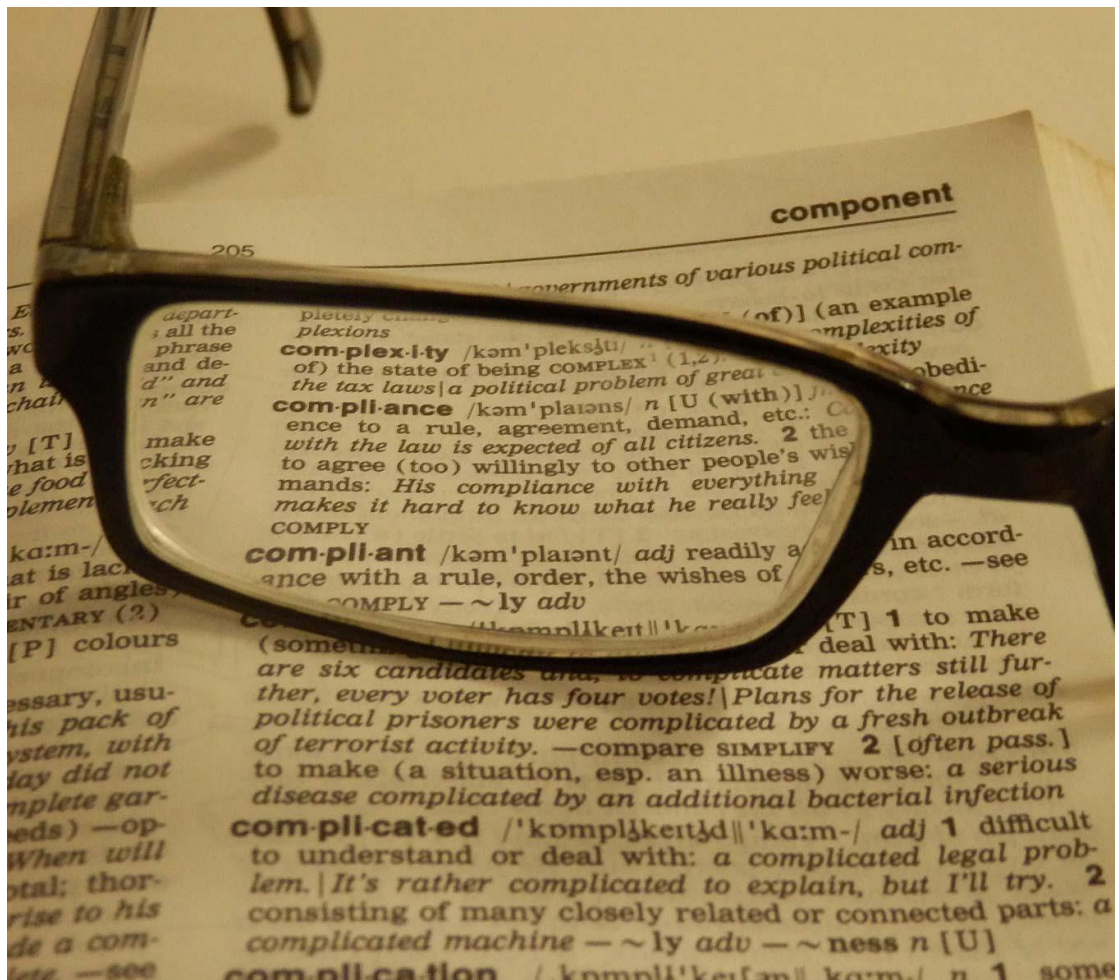




# Consumer Rights and Business Practices

Prepared for BIS  
By IFF Research

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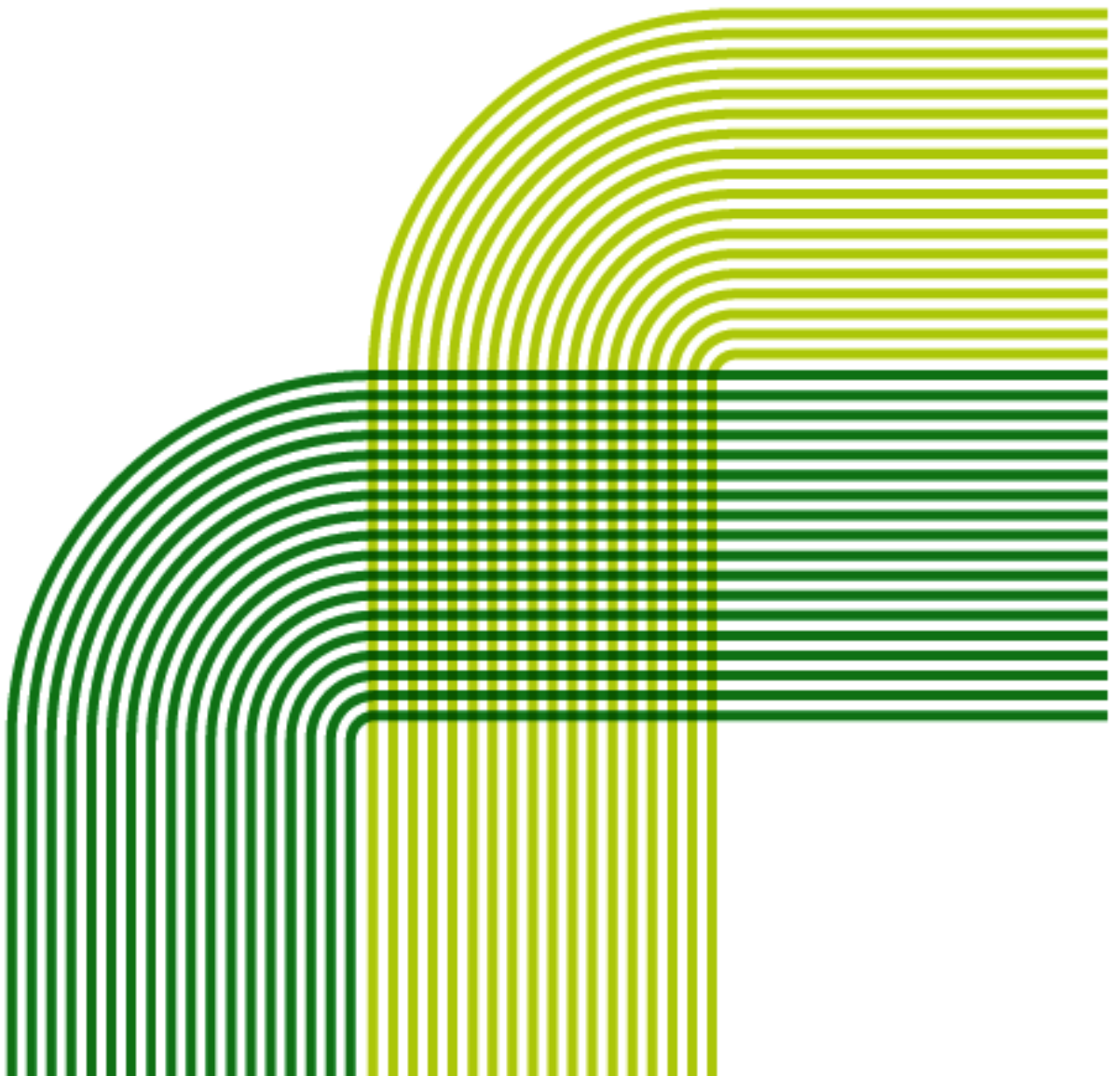




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# 1 Executive Summary

- 1.1 The Department for Business, Innovation and Skills (BIS) is planning a comprehensive consolidation, simplification and modernisation of consumer law. The main vehicle for this reform will be a piece of primary legislation (a 'Consumer Bill of Rights'), to be introduced alongside a number of related pieces of secondary legislation. To inform the proposed reforms BIS commissioned research to collect detailed data about current business practices regarding consumer rights, generating a benchmark against which the impact of legislative changes can be judged.
- 1.2 The research, conducted by IFF Research between September 2012 and January 2013, comprised two separate, but complementary, phases.
- 1,000 20-minute telephone interviews with senior decision-makers of businesses which sell goods, services or digital content to consumers; and
  - 60 completed 'cost sheets' from businesses which had participated in Stage 1<sup>1</sup>, validated by follow-up qualitative in-depth interviews to discuss the information provided in these sheets.

## Profile

- 1.3 An estimated total of 454,470 UK businesses sell goods to consumers: 127,505 selling goods, 1,782 selling digital content and 325,483 selling services. Looking at the profile of UK businesses selling goods, services or digital content to consumers by size, 390,601 are micro businesses, 54,504 are small, 7,811 are medium-sized and 1,553 are large businesses.

## Terms and conditions

- 1.4 More than half of all businesses (54%) reported they had pre-drafted standard terms and conditions for sales to, supply to, or contracts with, consumers, rising in line with business size: 52% of micro businesses did so, compared to 81% of large businesses. Businesses in the digital content sector were more likely to have the pre-drafted standard terms and conditions in place (71%) than goods (50%) or services (56%) businesses.
- 1.5 Almost half of businesses (48%) with standard terms and conditions *reviewed* their terms and conditions at least annually and a further 31% undertook a review every one to two years. One-quarter (26%) of businesses with standard terms and conditions stated that they *updated* their terms and conditions at least annually and 30% every one to two years. Typically larger businesses tended to review and update their terms and conditions more frequently. Businesses in the goods and services sectors were more likely to update their terms and conditions at least annually (27% and 26% respectively) than those in the digital content sector (13%).
- 1.6 Surveyed businesses with pre-drafted standard terms and conditions spent on average £3,819 on reviewing and/ or updating their terms and conditions each year. The amount spent increased in line with business size: micro businesses spent £1,371 a year on average, compared with large businesses, which spent £8,933. Businesses in the goods sector tended to spend more: £4,835 compared with £3,840 in the services and £2,027 in the digital content sector.

<sup>1</sup> Of the 60 interviews conducted, 8 were conducted with businesses which did not take part in Stage 1; contact details for these businesses were provided, via BIS, by a small number of trade associations and industry bodies.



- 1.7 These businesses also reported that the cost of developing new versions of relevant documentation<sup>2</sup> whenever they change or update their terms and conditions was, on average, £1,109, which varied according to business size and industry sector. Large businesses spent £3,029 compared with £255 for micro businesses, while businesses in the goods sector spent more on average (£1,958) than those in the digital content (£624) and services (£529) sectors.

### Staff knowledge and training

- 1.8 Just over one-quarter (27%) of all businesses reported that existing consumer rights legislation was 'not very' or 'not at all easy' to understand; medium and large businesses were more likely to report this (37% and 38% respectively). Businesses felt that more senior staff members understood rights better than junior staff members, reporting that 83% of senior managers and 84% of middle managers understood existing consumer rights 'very' or 'fairly' well, compared with 70% of frontline staff.
- 1.9 Just over one-quarter (27%) of businesses employing staff provided some training on existing consumer rights legislation in the last 12 months. Propensity to train increased in line with business size and businesses in the services sector were most likely to have provided training.
- 1.10 Surveyed businesses which trained staff on consumer rights legislation spent on average £6,651 per annum on designing and developing training sessions and £12,162 per annum on providing these sessions. Expenditure increased broadly in line with business size and goods businesses spent more on average than digital content and services businesses.

### Management and legal costs

- 1.11 Just over one-third of businesses (37%) employed staff to deal with legal compliance (including staff for whom dealing with legal compliance only formed part of their role), although the majority only employed one member of staff with this responsibility. The majority of businesses that reported employing at least one member of staff to deal with legal compliance with consumer rights reported that such staff spent less than a day (37%) or no time at all (24%) per month. The propensity to employ staff for this purpose and the time spent per month increased in line with business size.
- 1.12 One-fifth of businesses (20%) reported that they had ever used the services of private law firms to provide advice on complying with consumer rights. Just over half (55%) of large businesses had done so, compared to under one-fifth (17%) of micro businesses. Larger businesses and businesses in the digital content sector were also more likely to be more frequent users of such advice.
- 1.13 One-third of businesses (31%) reported that they had ever sought advice on complying with consumer rights from other organisations, such as trade bodies. Again, larger businesses were more likely to have done so, and to have done so more frequently. Only around a quarter of businesses that had used such advice reported that they had paid for it (27%), although large businesses were more likely to have paid.
- 1.14 Surveyed businesses which had sought advice to ensure compliance with consumer rights legislation (either from private law firms or other organisations, such as trade bodies) spent on average £1,497

<sup>2</sup> The items of documentation were: in-store posters; in-store counter-top signage; consumer contracts; invoices; receipts; and leaflets, brochures and other promotional material. Respondents were also invited to mention, and provide costs for, any other relevant items.



per annum, rising in line with business size from £903 among micro businesses to £2,532 among large businesses.

### Dispute resolution

- 1.15 Overall, 53% of businesses reported that they handled at least some dissatisfied customers each year. Just under half (46%) of these businesses reported that 90% or more of complaints were resolved by providing explanations or advice, although there was considerable variation by business size: almost half of micro businesses reported resolving 90% or more of complaints in this way, compared with one-fifth of large businesses. Businesses operating in the services sector were also more likely to resolve issues informally: half reported that 90% or more of complaints were resolved by providing explanations or advice compared with around a third of digital content and goods businesses.
- 1.16 Only 3% of businesses which had experienced complaints or issues with customers reported that these had led to legal proceedings, but this varied considerably by size: 36% of large businesses had experienced legal proceedings compared with only 3% of micro businesses.
- 1.17 The average annual cost to business of handling consumer complaints was £10,407. The amount spent increased in line with business size: micro businesses spent £2,230 a year on average, compared with large businesses, which spent £33,064. Businesses in the goods sector tended to spend considerably more than those in the digital content and services sectors.
- 1.18 Overall, 14% of businesses had a dedicated department for dealing with customer complaints, such as a customer services department. There was considerable variation by business size: 11% of micro businesses had a dedicated department, compared with 64% of large businesses. There was also some variation by industry sector: 23% of digital content businesses had a dedicated department for dealing with customer complaints, compared with 14% of services and 12% of goods businesses.
- 1.19 Surveyed businesses which had a dedicated department for dealing with customer complaints spent on average £15,474 per year on running such a department. Expenditure increased broadly in line with business size (micro: £1,423; large: £35,540) and goods and digital content businesses spent considerably more (£31,560 and £20,609 respectively) than services businesses (£3,038).

### Approaches to consumer redress

- 1.20 Among both goods and digital content businesses, by far the most common approach taken to consumer redress – in the event that a customer reported that a purchase product was faulty or did not meet its description, or a purchased service had not been delivered with reasonable care and skill<sup>3</sup> – was to offer a replacement item (94% and 90% respectively). Businesses where this was not the most common approach generally offered a full refund as their most common approach (goods: 25%; digital content: 21%). In the services sector there was more variation in the approach that businesses most commonly took. Around half (48%) most commonly offered to repair/remedy the service provided, while another one in five (20%) would most commonly offer a partial refund and just under one in five (17%) offer a full refund.

<sup>3</sup> It was specified that they should not take into account cases where a consumer simply changed their mind, rather occasions where the consumer felt there was a fault with the product or service.





## Refunds

- 1.21 Among businesses selling goods or digital content who offered full refunds, 38% stated that they specified a short term right to reject<sup>4</sup> (goods: 38%; digital content: 33%), which equates to 33% of all businesses selling goods and 30% of all businesses selling digital content.
- 1.22 In two thirds of cases where businesses specified a short-term right to reject (67%), the time period within which customers were guaranteed a full refund was less than one month. However, reflecting the wide range of goods and digital content sold by businesses with a right to reject, the time periods used varied considerably. Across all businesses with a right to reject, the mean time period specified was 5.1 months although the median period was 1 month.
- 1.23 Across businesses providing full refunds (63% of all businesses), the mean number of refunds given over the preceding 12 months was 18.9 although the median was only 2 (reflecting the large proportion of the business population that are micro and small businesses). Across businesses providing partial refunds, the mean number of partial refunds given was 8.0 and the median was 2.
- 1.24 Surveyed businesses that offered full refunds spent on average £3,931 per annum doing so, increasing broadly in line with business size. Goods businesses spent more (£7,781) than services (£2,364) and digital content (£972) businesses. Businesses offering partial refunds incurred on average £3,417 per year doing so. While there was no clear trend by business size, there was some variation by industry sector: digital content businesses tended to spend the least on average (£661 per annum), while goods and services businesses' expenditure was similar (£4,304 and £4,069 respectively).

## Compensation

- 1.25 Of the businesses offering compensation<sup>5</sup> (27% of all businesses), two fifths (42%) had not done so in the last 12 months. Across all businesses offering compensation, the mean number of occasions on which compensation had been given in the last 12 months was 41.3 (and the median was 1).
- 1.26 Surveyed businesses which offered compensation to customers incurred an average cost of £1,235 per annum, increasing in line with business size from £403 among micro businesses to £3,359 among large businesses. Goods businesses incurred the greatest cost on average (£2,593), compared with services (£518) and digital content (£421).

## Replacements

- 1.27 Of the businesses which would sometimes provide replacements (94% of all goods and digital content businesses), 9% had not done so in the last 12 months. Across all goods and digital content businesses providing replacements, the mean number of occasions on which replacements had been given in the last 12 months was 20.9 (and the median was 6).
- 1.28 Surveyed businesses in the goods and digital content sectors which offered to replace goods which were faulty or did not meet their description incurred on average £7,255 per annum, increasing in line

<sup>4</sup> Specifying a 'short term right to reject' was defined as specifying a time period within which a full refund would always be given if a product was faulty or did not match the description given to the customer (even if after this period there might be more discretion about how this type of issue was handled).

<sup>5</sup> Compensation was defined to respondents as follows: "Where the consumer gets to keep the product or service and you offer them some form of additional recompense – financial or otherwise."



with business size. Businesses in the goods sector incurred higher costs (an average of £9,232 per annum) than those in the digital content sector (£2,313).

## Repairs

- 1.29 Of the businesses that sometimes undertook repairs to address faulty goods or inadequate service (31% of all goods and digital content businesses), a quarter (25%) had not done so in the last 12 months. Across all businesses undertaking repairs, the mean number of occasions on which repairs had been undertaken in the last 12 months was 18.4 (and the median was 2).
- 1.30 Surveyed businesses which repaired faulty products and businesses (goods and digital content) or undertook repairs to remedy inadequate service (services) spent £1,177 on repairs, increasing broadly in line with business size. Businesses in the services sector spent £2,011 on average per annum on providing repairs, compared with £187 among businesses in the goods sector.



## 2 Introduction

### Background

- 2.1 In April 2011 the coalition government set up the Red Tape Challenge as part of their growth agenda. The Challenge was designed to assess the 21,000 statutory instruments in UK governance that, through unnecessary complexity, might constitute barriers to businesses and the public alike. Retail was the first theme covered by the Red Tape Challenge and within this a key focus was the protection of UK consumers' rights. While UK consumers are broadly well catered for under current legislation, the Department for Business, Innovation and Skills (BIS) recognises that current legislation is overly complex and difficult to interpret. BIS is therefore planning a comprehensive consolidation, simplification and modernisation of consumer law.
- 2.2 Simple and clear consumer law has the scope to bring about the following benefits:
- Fairness within the marketplace for businesses and consumers alike;
  - Consumers understanding their rights and options and having confidence in the market;
  - Clarity and familiarity for businesses regarding their responsibilities leading to savings in terms of staff training, legal and dispute resolution costs;
  - Elimination of malpractice and 'rogue trading'; and
  - Promotion of a healthy market where the emphasis lies on quality and price, which will drive economic growth.
- 2.3 The main vehicle for this reform will be a piece of primary legislation (a 'Consumer Bill of Rights'), to be introduced alongside a number of related pieces of secondary legislation. They will all be written in 'plain English' and will consolidate and simplify the consumer rights regime in the UK, leading to the scrapping or major reform of some 12 pieces of existing legislation.
- 2.4 All business to consumer (B2C) contracts will be covered by this legislation, though slightly different rights and remedies will apply to the supply of goods, services and 'digital content'.

### Goods

- 2.5 Current consumer rights law generally divides consumption into that of goods and services. For the supply of goods the current legislation protecting consumers is the Sale of Goods Act 1979 (SoGA). SoGA entitles consumers to reject faulty goods, to have faulty goods repaired or replaced and to full or part refunds or discounts on price. However, SoGA is couched in implied terms which are vague and difficult to pinpoint. For example, the right to a refund for goods extends to a 'reasonable period' after the sale and attempts to have goods repaired or replaced can lead to a partial refund should they cause 'significant inconvenience'.
- 2.6 BIS has five main policy proposals for the supply of goods, which will reform and update SoGA. The proposed changes are:
1. A presentational change, to move away from the opaque system of 'implied terms' to a clear set of 'statutory guarantees' or 'rights' so that consumer rights are easier to identify.
  2. To set a specific amount of time within which faulty goods can be returned for a full refund, instead of a vague 'reasonable time' stipulation.



3. To limit the number of repairs or replacements that can be offered, before retailers have to offer some form of refund or compensation, instead of the vague 'significant inconvenience' or 'reasonable time' stipulations
4. Simplifying the rules around the value of partial refunds after the initial full-refund period, to make the system clearer and fairer
5. To apply the same consumer rights to all supply of goods contracts, like conditional sale, hire purchase, or barter and exchange.

## Services

- 2.7 Current legislation on the supply of services is similarly vague. For the provision of services, the Government intends to present the current implied term of "reasonable care and skill", by making it a "statutory guarantee" and introduce core statutory rights of remedy for consumers where that guarantee has been breached. The intended effect of this change would be to make it clear to consumers and to businesses that, as a minimum, the contract for the supply of a service comes with a guarantee that the service must be provided with reasonable care and skill; and where this standard is breached, consumers will at a minimum be entitled to a statutory remedy of a repair or replacement. This will hopefully make the process for achieving consumer redress as similar as possible for goods and services to achieve simplicity in the overall consumer rights legislative framework.

## Digital Content

- 2.8 BIS defines digital content as 'data which are produced and supplied in digital form', and it includes products which are supplied on disk, or delivered via download or streaming to the customer. Most consumer rights law is split into the categories of goods or services, so digital content is something of a grey area as it cannot easily be classed as a good or a service. It is therefore unclear what rights or quality standards digital content consumers can expect and what remedies are available to them if there is a problem.
- 2.9 BIS recognises the unique characteristics of digital content and intends to include it in the reforms as a separate category distinct from goods and services. Under the new proposals BIS will apply goods-like rights and remedies with certain modifications to account for the unique characteristics of digital content. It will also consider services surrounding the access to and use of digital content, for instance the installation of digital content (e.g. via download) or consumer access to digital content that they have purchased in the cloud. To these surrounding services BIS is also considering whether a stricter test of satisfactory quality or "fitness for purpose" might be applicable.

## Aims and objectives

- 2.10 To inform the proposed reforms BIS commissioned this market research study to collect detailed data about current business practices regarding consumer rights. The findings will form a benchmark against which the impact of specific legislative changes can be judged. In addition, BIS intends to use the data to make an assessment of the scale of potential advantages of simplified consumer law in terms of the resulting cost reductions and other benefits for businesses.



2.11 The specific aims of the study are to estimate:

- Where the likely implementation costs of the proposals for reform would come from (including costs such as staff training or updating terms and conditions, catalogues and website information);
- The ongoing training costs related to consumer law and how they might change;
- The legal costs that businesses incur in relation to consumer law (compliance and dispute resolution);
- The staff costs incurred dealing with consumer concerns (such as staff time and/ or a consumer complaints department);
- The proportion of disputes solved by repair, replacement and refund respectively under the current arrangements;
- The cost of providing refunds as well as the timescales for providing refunds and the reasons for giving refunds;
- The cost of providing repairs or replacements on substandard goods, services or digital content, relative to their original value.
- The cost of updating terms and conditions as well as how frequently terms and conditions are changed.

## Methodology

2.12 The research entailed a two-stage methodology.

### Stage 1

2.13 A total of 1,000 interviews were conducted over the telephone using Computer Assisted Telephone Interviewing (CATI). Interviews were conducted with senior business decision-makers (specifically, the individual in the business with overall responsibility for customer service) and lasted on average 20 minutes.

2.14 The survey questionnaire, which was developed in collaboration with BIS, can be found in Appendix B.

2.15 The entire sample was drawn from the Dun & Bradstreet commercial business database. Specific industry sectors were targeted on the basis that they were more likely to sell goods, services or digital content to consumers and each participating business was screened to ensure it did so<sup>6</sup>. All data have been weighted in accordance with the October 2011 Business Population Estimates for the UK and Regions published by BIS<sup>7</sup> so that findings are representative of the total number of businesses which sell goods, services or digital content to consumers, based on the results of this screening process.<sup>8</sup>

<sup>6</sup> The list of industry sectors targeted is shown in Appendix A.

<sup>7</sup> <https://www.gov.uk/government/publications/bis-business-population-estimates>

<sup>8</sup> The population of businesses which sell goods, services or digital content to consumers, to which data have been weighted, is shown in Chapter 4 of this report (specifically Table 4.4).



## Stage 2

- 2.16 All businesses taking part in Stage 1 were asked, at the end of the interview, whether they would be willing to take part in Stage 2 of the research and were given a brief outline of what this would involve.
- 2.17 Those who agreed to take part in Stage 2 were sent, via email, a form in Excel format to be populated with information about the costs incurred by the company in relation to consumer rights. Having received completed forms from participating businesses, the research team reviewed the information provided and then conducted 60 follow-up qualitative in-depth interviews to validate the information provided and gain an understanding of the specific kinds of costs incurred.<sup>9</sup>
- 2.18 In general, follow-up interviews with micro and small businesses were conducted over the telephone, while interviews with medium-sized and large businesses were undertaken in person.
- 2.19 The Excel form and discussion guide for the follow-up interviews, which were developed in collaboration with BIS, can also be found in Appendices C to E.
- 2.20 Please note that cost data collected in Stage 2 have not been weighted.

## Notes on this report

- 2.21 Where meaningful differences between sub-groups emerge, they are highlighted in the commentary. Throughout this report, all differences indicated are significant at the 95% confidence level unless otherwise stated.
- 2.22 Data in some tables and charts may not add to 100% due to rounding. Also where data elements have been combined, for example adding “very” and “fairly” easy together to generate a net “easy” figure, the individual elements may not sum to the combined figure due to rounding.
- 2.23 All mean and median values shown in the report are based on integer responses. Where respondents were unable to give an integer value and could only provide an answer within a given range, these ‘range’ responses have not been included in the mean and median calculations.
- 2.24 Given the low base for cost data collected in Stage 2, the research team removed a small number of extreme outliers (primarily provided by medium-sized and large business) from the data set for each question as these had a highly distorting effect on the mean values generated.<sup>10</sup> A consequence of this is that some of the mean costs, particularly for medium-sized and large businesses, are likely to be relatively conservative estimates. The number of outliers removed is shown in each case.

<sup>9</sup> Of the 60 interviews conducted, 8 were conducted with businesses which did not take part in Stage 1; contact details for these businesses were provided, via BIS, by a small number of trade associations and industry bodies.

<sup>10</sup> It is worth noting that we do not believe these values to be incorrect, as they were verified in follow-up interviews. The data cleaning exercise was conducted to prevent the mean values reported being greatly exaggerated by the presence of one or two very high values.



### 3 Sample Profile

#### Stage 1

- 3.1 Quotas were set by industry sector, sub-sector and size of business to ensure sufficiently robust sample sizes for sub-group analysis and comparison. Table 3.1 details the number of interviews achieved, broken down by industry sector, sub-sector and size of business.

**Table 3.1: Breakdown of interviews achieved in Stage 1**

	Micro (1-9 employees)	Small (10-49 employees)	Medium (50-249 employees)	Large (250+ employees)	Overall
<b>Goods: all</b>	156	112	72	70	410
Sale of motor vehicles and motor vehicle parts	29	30	32	27	118
Sale of goods in generalist stores	35	31	19	21	106
Sale of goods in specialist stores (including food and drink)	37	18	9	18	82
Sale of goods outside of stores	55	33	12	4	104
<b>Digital content</b>	29	33	17	17	96
<b>Services: all</b>	209	117	80	88	494
Utilities	46	11	5	4	66
Construction and repair	41	31	17	5	94
Accommodation and food services	32	22	13	42	109
Professional services	39	29	27	29	124
Personal services	51	24	18	8	101
<b>Overall</b>	394	262	169	175	1,000



## Stage 2

- 3.2 Quotas were set by industry sector and size to ensure a spread of participating businesses. Table 3.2 details the number of interviews achieved, broken down by industry sector and size of business.

**Table 3.2: Breakdown of interviews achieved in Stage 2**

<i>To be populated when Stage 2 is complete</i>	Micro (1-9 employees)	Small (10-49 employees)	Medium (50-249 employees)	Large (250+ employees)	Overall
Goods	8	9	4	4	25
Digital content	6	3	2	1	12
Services	9	7	2	5	23
<b>Overall</b>	<b>23</b>	<b>19</b>	<b>8</b>	<b>10</b>	<b>60</b>





## 4 Profile of businesses which sell to consumers

- 4.1 This section profiles the estimated population of businesses which sell to consumers, in terms of the industry sectors in which they operate, size of business (number of employees) and a number of other business characteristics, such as: sales channels used; number of sites; the number of employees directly involved in supplying products or services to consumers; turnover; and the number of transactions or customers per year.

### Business size and sector

- 4.2 As part of the screening process we verified, for each business, the size of the business, its industry sector and whether it sold to consumers. In addition we verified that businesses classified as selling digital content did indeed sell products in digital form (i.e. products which are supplied on disk, or delivered via download or streaming to the customer).
- 4.3 Through this screening process we were able to collect data as to the proportion of businesses within each sector and size category that sold goods, services or digital content to consumers and therefore to estimate the number of businesses – in total and within each sector and size category, that sold goods, services or digital content to consumers. Table 4.1 shows the total number of businesses in the industry sectors sampled<sup>11</sup> and the proportion selling goods, services or digital content to consumers, while Table 4.2 shows the estimated population of UK businesses selling goods, services or digital content to consumers. All survey findings are weighted to the population figures shown in Table 4.2.

<sup>11</sup> Specific industry sectors were targeted on the basis that they were more likely to sell goods, services or digital content to consumers – these are set out in Appendix A.



**Table 4.1: Proportion of businesses selling goods, services or digital content to consumers**

	Micro (1-9 employees)		Small (10-49 employees)		Medium (50-249 employees)		Large (250+ employees)		Overall	
<b>Goods: all</b>	121,435	92	14,700	88	2,035	93	605	87	138,775	92
Sale of motor vehicles and motor vehicle parts	12,525	94	2,480	97	655	97	140	84	15,800	94
Sale of goods in generalist stores	23,910	100	2,090	91	250	100	90	91	26,340	99
Sale of goods in specialist stores (including food and drink)	77,235	90	9,455	86	1,040	90	345	86	88,075	90
Sale of goods outside of stores	7,765	85	675	70	90	86	30	100	8,560	84
<b>Digital content</b>	4,690	28	980	32	205	50	80	68	5,955	30
<b>Services: all</b>	312,350	89	48,455	85	7,530	77	1,465	66	369,800	88
Utilities	655	43	170	26	90	29	40	40	955	39
Construction and repair	109,880	87	12,620	67	1,310	68	165	23	123,975	85
Accommodation and food services	85,850	100	17,285	100	2,220	81	345	98	105,700	100
Professional services	57,210	78	11,845	88	2,970	84	680	66	72,705	80
Personal services	58,755	86	6,535	77	940	62	235	57	66,465	85
<b>Overall</b>	438,475	89	64,135	85	9,770	80	2,150	72	514,530	88



**Table 4.2: Population of UK businesses selling goods, services or digital content to consumers**

	Micro (1-9 employees (000s)	Small (10-49 employees) (000s)	Medium (50-249 employees) (000s)	Large (250+ employees) (000s)	Overall (000s)
<b>Goods: all</b>	111,897	12,884	1,898	526	127,205
Sale of motor vehicles and motor vehicle parts	11,717	2,400	635	118	14,870
Sale of goods in generalist stores	23,910	1,906	250	82	26,148
Sale of goods in specialist stores (including food and drink)	69,700	8,104	936	296	79,036
Sale of goods outside of stores	6,570	474	77	30	7,151
<b>Digital content</b>	1,308	317	103	54	1,782
<b>Services: all</b>	277,397	41,303	5,810	973	325,483
Utilities	282	45	26	16	369
Construction and repair	95,853	8,505	891	38	105,286
Accommodation and food services	85,850	17,285	1,804	337	105,276
Professional services	44,624	10,409	2,506	448	57,987
Personal services	50,788	5,059	583	134	56,565
<b>Overall</b>	390,601	54,504	7,811	1,553	454,470



## Number of employees supplying products or services to consumers

- 4.4 Businesses were then asked to estimate the number of employees at various levels (senior management, middle management and frontline staff) involved in selling products or services to members of the public. Table 4.3 shows the mean and median numbers of senior managers, middle managers and frontline staff in businesses in each of the four size categories.
- 4.5 Micro businesses had a median of three members of staff (one senior manager and two frontline staff) supplying products or services to consumers, while large businesses employed a median of more than 350 staff supplying products or services to consumers (40 senior managers, 52 middle managers and 273 frontline staff).

**Table 4.3: Number of employees supplying products or services to consumers, by size**

	Senior Managers			Middle Managers		Frontline Staff	
	<i>Base</i>	<i>Mean</i>	<i>Median</i>	<i>Mean</i>	<i>Median</i>	<i>Mean</i>	<i>Median</i>
Total	1,000	2.5	1	1.6	0	9	2
Micro	394	1.3	1	0.3	0	2.2	2
Small	262	2.9	2	2.1	2	12.2	10
Medium	169	10.8	8	10.8	6	62.2	55
Large	175	300.8	40	272.8	52	1411.2	273

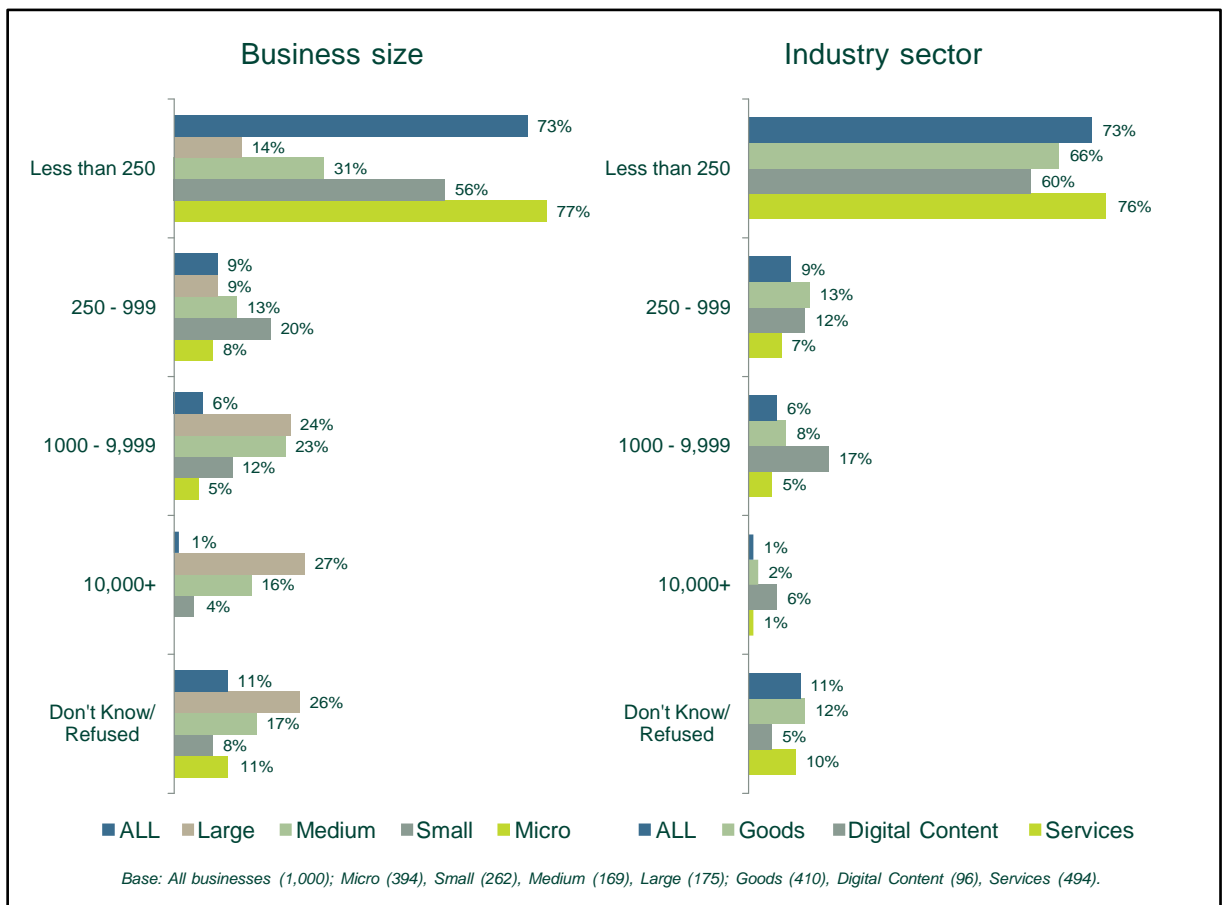


## Number of transactions and customers

4.6 Businesses were asked to estimate how many transactions (goods and digital content) or customers (services) they had per year, looking only at sales to members of the public. The majority (73%) of businesses handled fewer than 250 transactions or customers per year, although there was considerable variation by business size and industry sector. Looking first at size, 12% of micro businesses handled 250 or more customers or transactions per year, compared with 60% of large businesses. And turning to look at industry sector, only 13% of service businesses handled 250 or more customers or transactions per year, compared with 23% of goods businesses and 35% of digital sector businesses. Businesses in the sale of motor vehicles and motor vehicle parts (75%) sub-sector were more likely to handle fewer than 250 transactions or customers per year.

4.7 The numbers of transactions or customers, broken down by size and sector are shown in Figure 4.1 below.

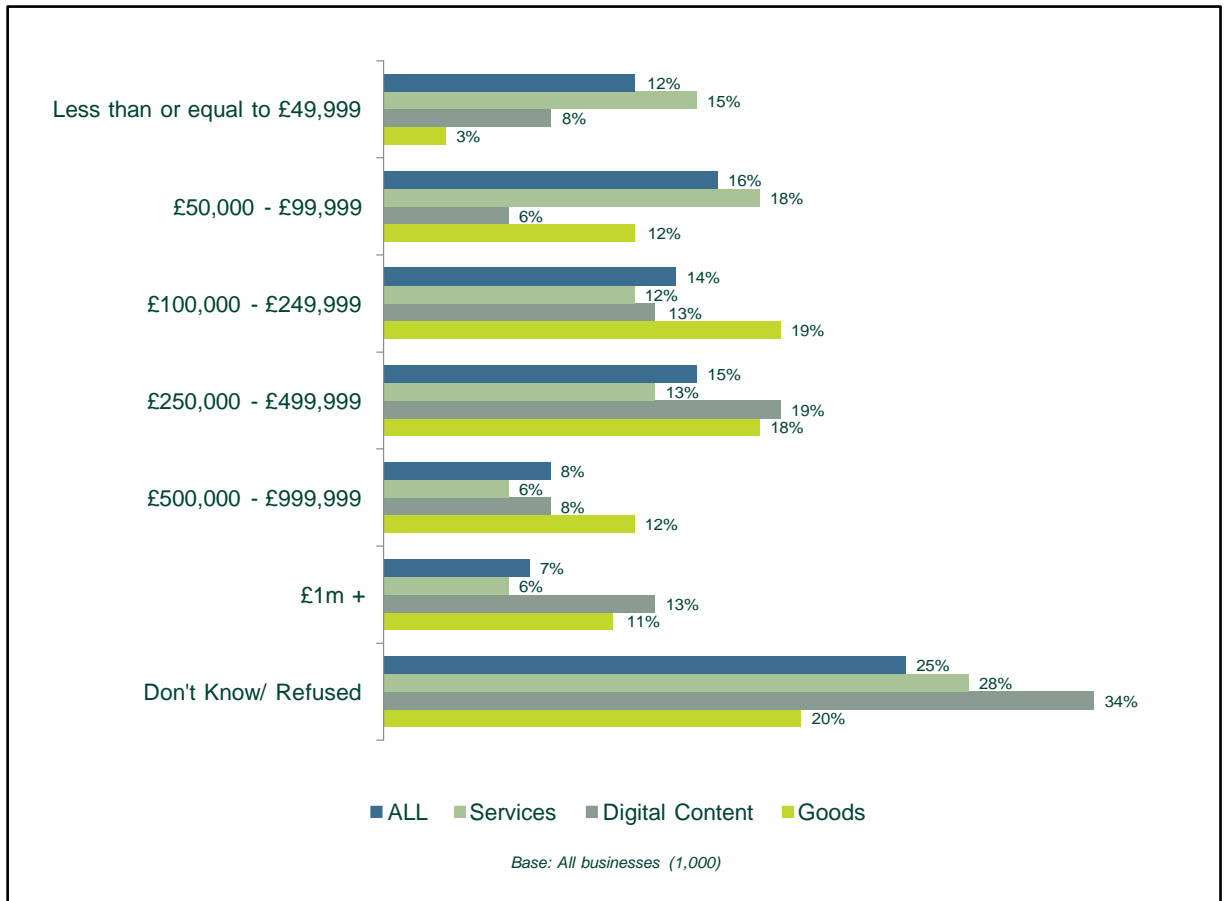
**Figure 4.1: Number of transactions or customers per year, by size and sector**



## Turnover

- 4.8 Approximately two-thirds (65%) of businesses selling goods or services to consumers had a turnover of under £1 million in the most recent accounting year, reflecting the high proportion of micro businesses within the population: 2% of micro businesses had a turnover of £1 million or more, rising to 71% of medium and large businesses.
- 4.9 Figure 4.2 shows the breakdown of business turnover by industry sector.

**Figure 4.2: Business turnover by industry sector**



## Sales channels

- 4.10 Businesses were asked to state which sales channels they used and through which single channel they sold the majority of their products or services, by value of sales. There was considerable variation by business sector: goods businesses were most likely to sell products via a retail store or showroom (87% sold through this channel; for 76% it was the primary channel) and digital content businesses were most likely to sell products over the internet (91%; 56%) while services businesses were most likely not to use any of these channels (39%) but to use other channels such as in-home or office-based sales.
- 4.11 There were also some differences by business size: large businesses were more likely on average to sell products or services over the internet (61%), by mail order (20%), by phone (49%) or by fax (22%).



# 5 Terms and conditions

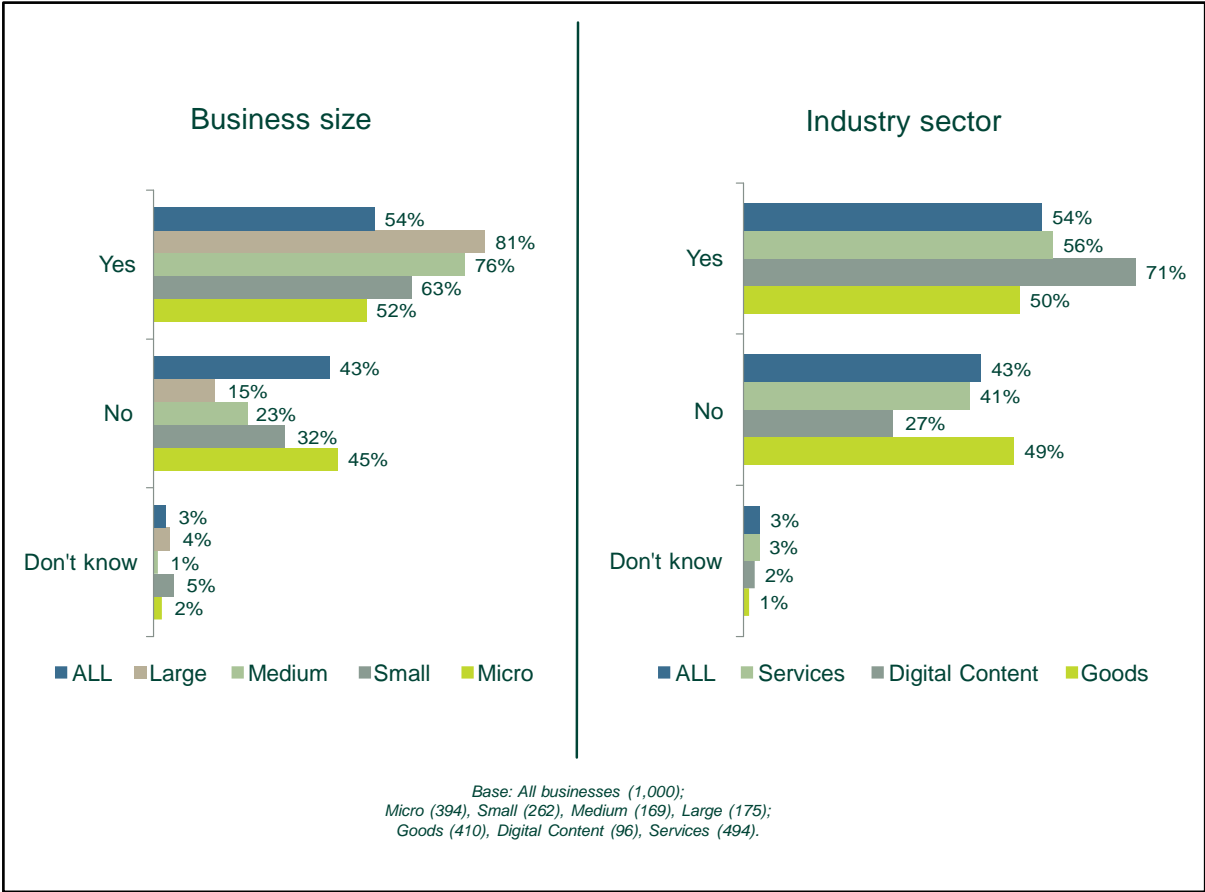
5.1 This chapter examines consumer rights terms and conditions, looking firstly at whether businesses have pre-drafted standard terms and conditions, then at how often these terms and conditions are reviewed and updated and finally examining the costs of reviewing and updating them.

## Use of standard terms and conditions

5.2 Businesses were asked whether they had pre-drafted standard terms and conditions for sales, supply or contracts with consumers. At the overall level, more than half of all businesses (54%) reported that they did, but there was considerable variation by business size and industry sector.

5.3 The propensity to have pre-drafted standard terms and conditions increased in line with business size. For instance, 52% of micro and 63% of small businesses interviewed had pre-drafted standard terms and conditions, compared to 76% of medium sized businesses and 81% of large businesses. In terms of industry sector, digital content businesses were more likely to have the pre-drafted standard terms and conditions in place (71%), as illustrated in Figure 5.1 below.

**Figure 5.1: Whether organisations have pre-drafted standard terms and conditions for sale to/supply to/contracts with consumers**



- 5.4 There was also variation by whether businesses employed legal compliance staff<sup>1</sup> or had sought external legal advice in the last 12 months.<sup>2</sup> Those that employed in-house compliance staff were more likely to have pre-drafted terms and conditions (61% vs. 51% among those that did not employ in-house compliance staff). Similarly, businesses that had sought external legal advice in the last 12 months were more likely to have pre-drafted standard terms and conditions (70% vs. 50% among those that had not sought external legal advice).

### Reviewing and updating terms and conditions

- 5.5 All businesses that reported having standard terms and conditions were asked how often these were reviewed. Almost half of businesses (48%) reviewed their terms and conditions at least annually and a further 31% undertook a review every one to two years.
- 5.6 Typically larger businesses tended to review their terms and conditions more frequently. For example, 35% of large businesses reviewed their terms and conditions at least every six months, compared to 24% of micro businesses.
- 5.7 Businesses with standard terms and conditions were also asked how often their terms and conditions are changed; 26% of all business said they updated their terms and conditions at least annually and 30% every one to two years, as shown in Figure 5.2. Larger businesses tended to do so more frequently. For example, 28% of large and medium sized businesses changed their terms and conditions at least annually (compared with 25% of micro businesses) and 49% every one to two years (compared with 29% of micro businesses).

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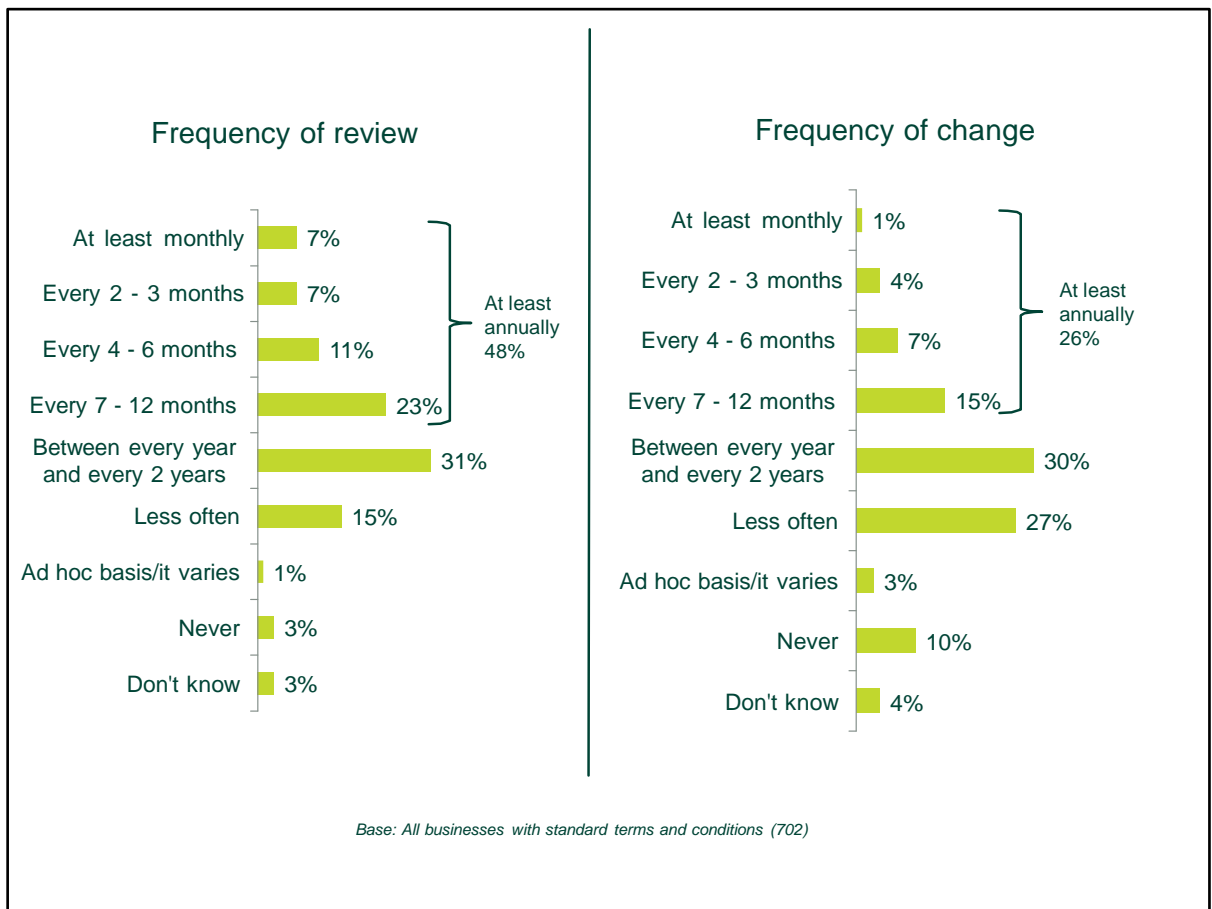
<sup>1</sup> Please see the section on “Use of internal legal advice” in Chapter 7 for more information on businesses which employed staff to deal with legal compliance with consumer rights.

<sup>2</sup> Please see the section on “Use of external legal advice” in Chapter 7 for more information on businesses which had sought external legal advice in the last 12 months.





**Figure 5.2: How often businesses review and change their terms and conditions**



- 5.8 While there was little difference by industry sector in terms of the frequency of review, there was some variation at the sub-sector level. Businesses in the sale of motor vehicles and motor vehicle parts were least likely to review their terms and conditions at least annually (36%).
- 5.9 Turning now to look at how often terms and conditions are changed, businesses in the goods and services sectors were more likely to do this at least annually (27% and 26% respectively) than those in the digital content sector (13%). There was also variation by whether businesses employed staff to deal with legal compliance with consumer rights and whether they had sought external legal advice in the last 12 months. Businesses that employed staff to handle legal compliance were more likely to review their terms and conditions at least annually (56% vs. 41% among those that did not employ such staff) Meanwhile those that had sought external legal advice were also more likely to review their terms and conditions at least annually (54% vs. 45% among those that had not sought external legal advice) and to change their terms and conditions at least annually (37% vs. 21%).



## Cost of reviewing and updating terms and conditions

5.10 Surveyed businesses with pre-drafted standard terms and conditions estimated that they spent on average £3,819 on reviewing and/ or updating their terms and conditions each year (Table 5.1). The amount spent increased in line with business size: micro businesses spent £1,371 a year on average, compared with large businesses, which spent £8,933. Businesses in the goods sector tended to spend more: £4,835 compared with £3,840 in the services and £2,027 in the digital content sector.

**Table 5.1: Cost of reviewing and/ or updating terms and conditions, by size and sector**

	Businesses with pre-drafted standard terms and conditions		Mean cost incurred per annum	
	Base (unweighted)	%	Base (unweighted) <sup>3</sup>	£
All businesses	1,000	54	49	3,819
<i>Size</i>				
Micro (1-9 staff)	394	52	18	1,371
Small (10-49 staff)	262	63	14	2,904
Medium (50-249 staff)	169	76	7	4,634
Large (250+ staff)	175	81	10	8,933
<i>Sector</i>				
Goods	410	50	19	4,835
Digital content	96	71	11	2,027
Services	494	56	19	3,840

<sup>3</sup> One extreme outlier has been removed from the data set for this question.



## One-off costs of changing terms and conditions

5.11 Surveyed businesses with pre-drafted standard terms and conditions were also asked to estimate the cost of developing new versions of relevant documentation<sup>4</sup> whenever they change or update their terms and conditions (Table 5.2). The average cost of these one-off changes was £1,109, which varied according to business size and industry sector. Large businesses spent £3,029 compared with £255 for micro businesses, while businesses in the goods sector spent more on average (£1,958) than those in the digital content (£624) and services (£529) sectors.

**Table 5.2: Cost of developing new documentation when terms and conditions are changed or updated, by size and sector**

	Businesses with pre-drafted standard terms and conditions		Mean cost incurred when terms and conditions changed or updated	
	Base (unweighted)	%	Base (unweighted) <sup>5</sup>	£
All businesses	1,000	54	47	1,109
<i>Size</i>				
Micro (1-9 staff)	394	52	18	255
Small (10-49 staff)	262	63	11	1,080
Medium (50-249 staff)	169	76	8	884
Large (250+ staff)	175	81	10	3,029
<i>Sector</i>				
Goods	410	50	19	1,958
Digital content	96	71	10	624
Services	494	56	18	529

<sup>4</sup> The items of documentation were: in-store posters; in-store counter-top signage; consumer contracts; invoices; receipts; and leaflets, brochures and other promotional material. Respondents were also invited to mention, and provide costs for, any other relevant items.

<sup>5</sup> One extreme outlier has been removed from the data set for this question.



5.12 Finally, surveyed businesses with pre-drafted standard terms and conditions were asked to estimate the cost per annum of developing new versions of the same relevant documentation, excluding instances where they changed or updated their terms and conditions (Table 5.3). The average cost per annum was £2,085. While there was no clear trend in terms of size, there were notable differences by sector, with goods businesses spending £3,112 per annum, compared with £1,837 for digital content and £1,177 for services businesses.

**Table 5.3: Cost of developing new documentation, excluding instances where terms and conditions are changed or updated, by size and sector**

	Businesses with pre-drafted standard terms and conditions		Mean cost incurred per annum	
	Base (unweighted)	%	Base (unweighted) <sup>6</sup>	£
All businesses	1,000	54	49	2,085
<i>Size</i>				
Micro (1-9 staff)	394	52	17	1,227
Small (10-49 staff)	262	63	14	1,995
Medium (50-249 staff)	169	76	8	5,371
Large (250+ staff)	175	81	10	923
<i>Sector</i>				
Goods	410	50	20	3,112
Digital content	96	71	10	1,837
Services	494	56	19	1,177

<sup>6</sup> One extreme outlier has been removed from the data set for this question.



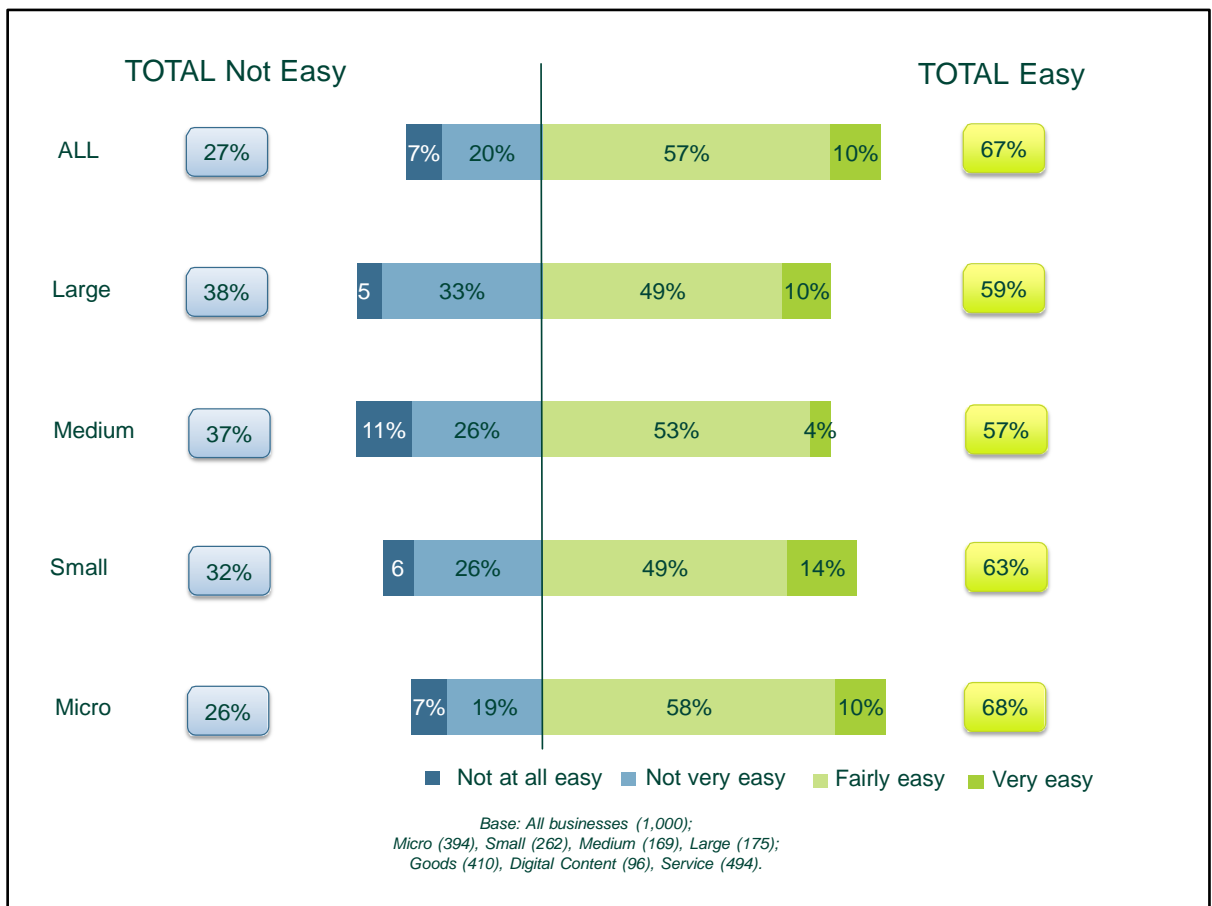
## 6 Staff knowledge and training

6.1 Moving on from terms and conditions, this chapter considers staff knowledge of, and training on, consumer rights legislation. The extent to which businesses find it easy to understand existing consumer rights legislation is examined first. Businesses were also asked a series of questions on training: how many staff members (senior managers, middle managers and frontline staff) received training on consumer rights legislation in the last 12 months, how these sessions have been delivered and how frequently the sessions take place. Finally, we review the costs of designing, developing and providing training.

### Level of understanding of consumer rights

6.2 Two-thirds of all businesses (67%) reported that existing consumer rights legislation was easy to understand. There was some variation by business size: medium and large businesses were more likely to find existing consumer rights legislation 'not very' or 'not at all easy' to understand (37% and 38% respectively), as shown in Figure 6.1 below.

**Figure 6.1: How easy consumer rights legislation is to understand**



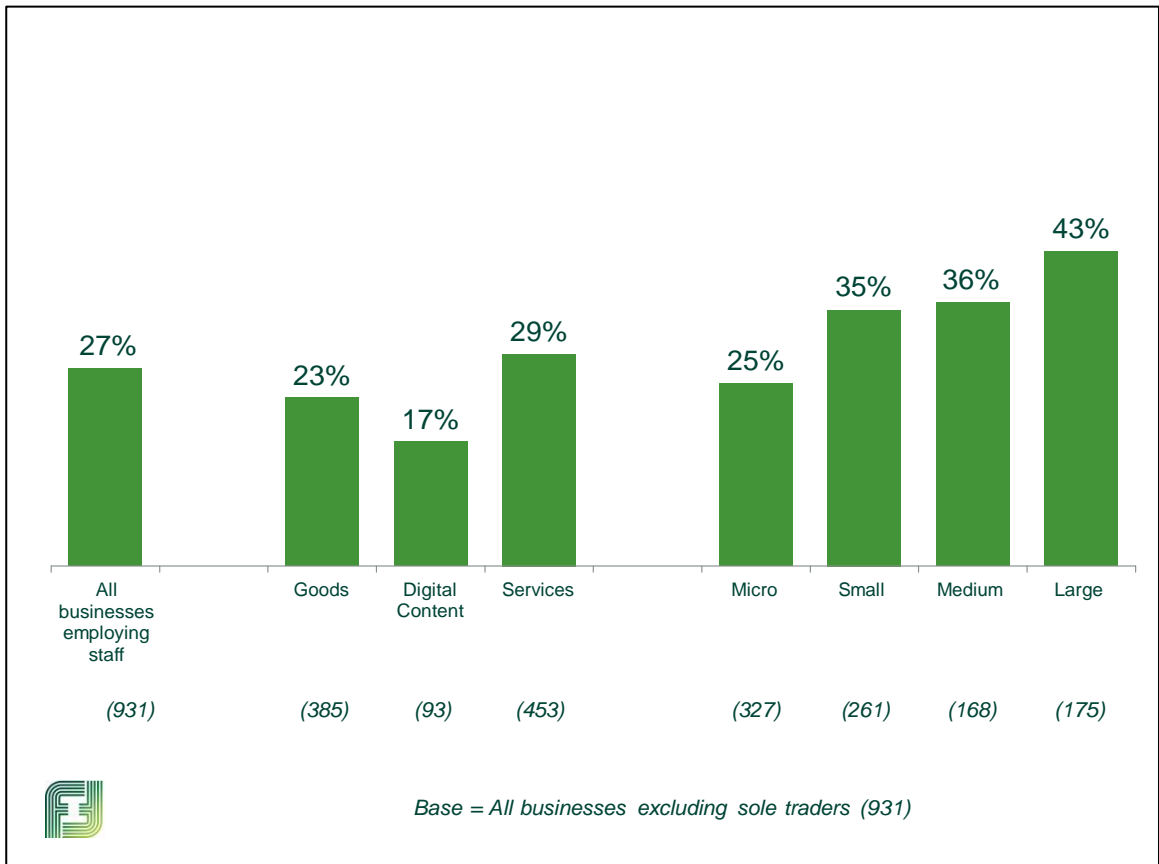
- 6.3 In terms of how well staff in different job roles understand existing consumer rights, businesses felt that more senior staff members understood rights better than junior staff members. For instance, businesses reported that 83% of senior managers and 84% of middle managers understood existing consumer rights 'very' or 'fairly' well, compared with 70% of frontline staff.
- 6.4 Looking in turn at senior managers, middle managers and frontline staff, the following differences by industry sector were evident:
- 85% of businesses in the goods sector felt that senior managers understood existing consumer rights 'very' or 'fairly' well, compared with 74% for digital content.
  - Businesses in the services sector were more likely to state that middle managers understood existing consumer rights 'very' or 'fairly' well (87%) than those in the goods sector (76%).
  - With respect to frontline staff there were no differences at the overall sector level but at sub-sector level, businesses in the sales of motor vehicle and motor vehicle parts (77%) were amongst the most positive.

### Training provided

- 6.5 Looking first at *whether* staff had been trained, just over one-quarter (27%) of businesses employing staff provided some training on existing consumer rights legislation in the last 12 months (Figure 6.2). Propensity to train increased in line with business size: 25% of micro businesses provided training, compared with 43% of large businesses. Businesses in the services sector were more likely to have provided training (29% had done so) than those in the goods (23%) and digital content (17%) sectors.

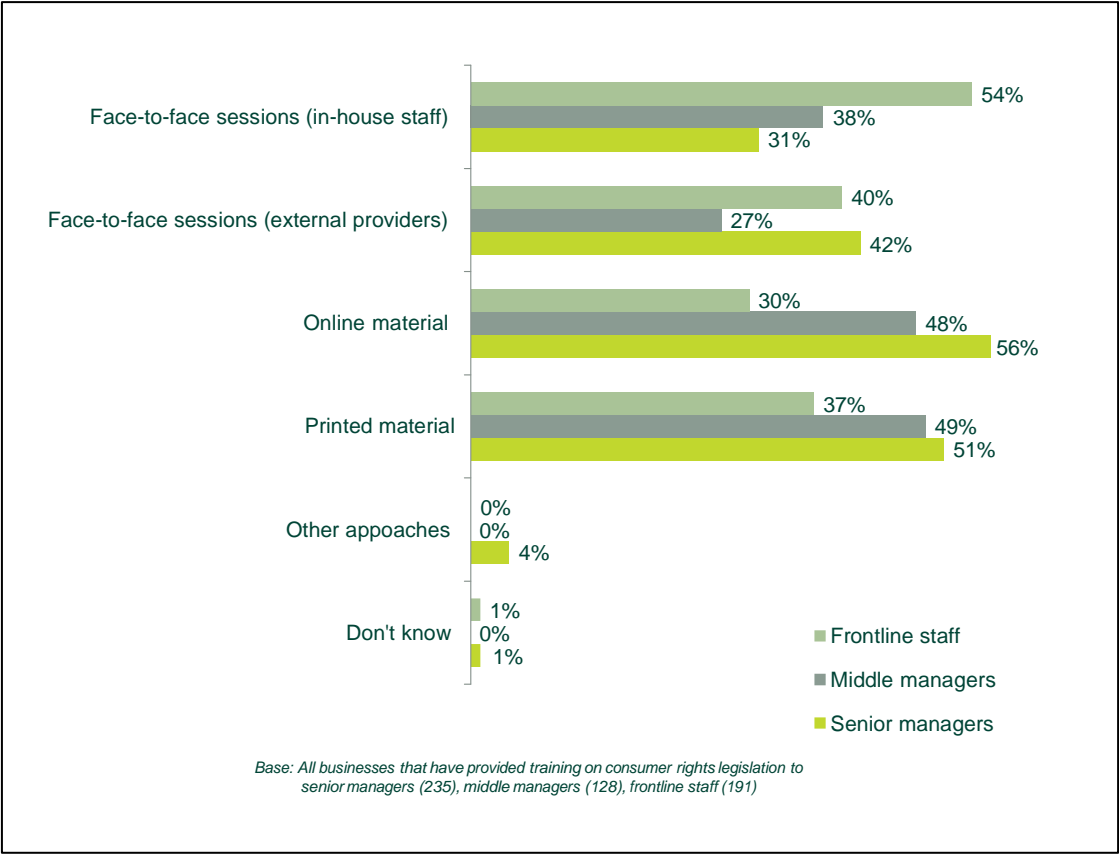


**Figure 6.2: Proportion of businesses providing training on existing consumer rights legislation in the last 12 months, by size and sector**



- 6.6 With regard to *how many* staff had been trained on existing consumer rights legislation in the last 12 months, likelihood of receiving training increased as business size increased. This was the case irrespective of staff level. On average (mean) 10.5 senior managers in large businesses had received training in the last 12 months, compared to 0.4 senior managers in micro businesses, while 24.9 middle managers in large businesses had received training, compared with 0.3 middle managers in micro businesses. With regard to frontline staff, 58.9 frontline staff had been trained in large businesses and 0.6 in micro businesses.
- 6.7 Those businesses that had received training were asked how that training had been delivered. While training sessions were more likely to have been delivered to senior and middle managers using online materials (56% and 48% respectively) or printed materials (51% and 49% respectively), training sessions for frontline staff tended to have been delivered face-to-face by in-house staff (54%) (Figure 6.3).

**Figure 6.3: How training sessions are delivered to senior managers, middle managers and frontline staff**



- 6.8 Looking in more detail at face-to-face training sessions on existing consumer rights legislation there was little variation by job role amongst those that had received face-to-face training sessions in the last 12 months. On average (mean), 2.9 frontline staff, 2.2 middle managers and 2.2 senior managers had been trained on consumer rights legislation in the last 12 months. While there was little difference by business size with respect to middle managers, the number of senior managers and frontline staff trained increased in line with business size. Micro businesses had provided on average (mean) 2.2





sessions in the last 12 months to senior managers, compared with 9.4 by large businesses, and provided 2.6 sessions to frontline staff, compared with 26.8 by large businesses.

### Cost of providing training

- 6.9 Surveyed businesses which trained some of their staff on consumer rights legislation were asked to estimate the total annual cost to their business of: (a) designing and developing training sessions about consumer rights legislation; and (b) providing these training sessions.
- 6.10 Looking first at designing and developing training sessions, businesses spent on average £6,651 per annum on doing so (Table 6.1). This increased broadly in line with business size, with micro businesses spending £1,217 per annum and large businesses spending £16,503. Goods businesses spent more on average (£8,338) than digital content (£5,125) and services (£3,451) businesses.

**Table 6.1: Cost of designing and developing training sessions about consumer rights legislation, by size and sector**

	Businesses which train some of their staff on consumer rights		Mean cost incurred per annum	
	Base (unweighted)	%	Base (unweighted <sup>7</sup> )	£
All businesses	931	27	26	6,651
<i>Size</i>				
Micro (1-9 staff)	327	25	7	1,217
Small (10-49 staff)	261	35	8	689
Medium (50-249 staff)	168	36	4	10,846
Large (250+ staff)	175	43	7	16,503
<i>Sector</i>				
Goods	385	23	16	8,338
Digital content	93	17	3	5,125
Services	453	29	7	3,451

<sup>7</sup> Two extreme outliers have been removed from the data set for this question.



6.11 Turning now to the provision of training, businesses spent on average £12,162 per annum on providing training sessions (Table 6.2). Again, the amount spent rose broadly in line with business size, with micro businesses spending on average £1,158 and large businesses spending on average £37,415. There was considerable variation by sector: goods businesses spent on average £16,217 per annum, while services and digital content businesses spent, respectively, £6,787 and £6,365 on average.

**Table 6.2: Cost of providing training sessions about consumer rights legislation, by size and sector**

	Businesses which train some of their staff on consumer rights		Mean cost incurred per annum	
	Base (unweighted)	%	Base (unweighted) <sup>8</sup>	£
All businesses with staff	931	27	26	12,162
<i>Size</i>				
Micro (1-9 staff)	327	25	7	1,158
Small (10-49 staff)	261	35	8	649
Medium (50-249 staff)	168	36	4	10,254
Large (250+ staff)	175	43	7	37,415
<i>Sector</i>				
Goods	385	23	15	16,217
Digital content	93	17	4	6,365
Services	453	29	7	6,787

<sup>8</sup> Two extreme outliers have been removed from the data set for this question.



## 7 Management and legal costs

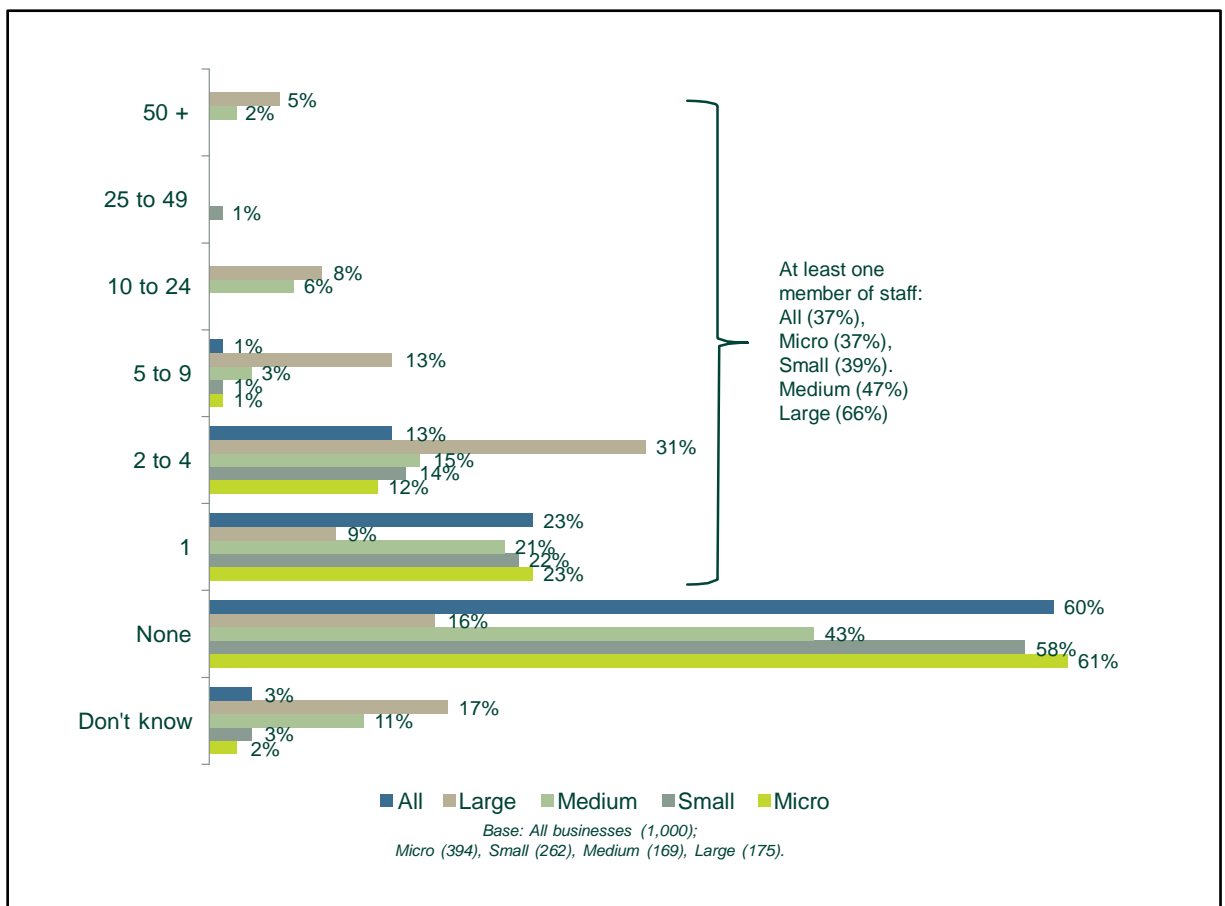
7.1 Having looked at staff knowledge of, and training on, consumer rights legislation, this chapter considers management and legal costs by profiling the use of both internal and external legal advice.

### Use of internal legal advice

7.2 Businesses were asked how many full-time staff their business employed to deal with legal compliance with consumer rights (including staff for whom dealing with legal compliance only formed part of their role).

7.3 Just over one-third of businesses (37%) employed staff to deal with legal compliance, although the majority only employed one member of staff with this responsibility (23% vs. 37% overall). The propensity to employ staff for this purpose increased in line with business size, as shown in Figure 7.1.

**Figure 7.1: How many full-time staff are employed to deal with legal compliance with consumer right, by size**



7.4 Those that reported employing at least one member of staff to deal with legal compliance with consumer rights were then asked how many days per month these staff spent on dealing with consumer rights compliance. The majority of businesses interviewed fed back that such staff spent less than a day (37%) or no time at all (24%).



7.5 This time spent per month did however increase in line with business size. On average (mean) large businesses spent 12 days per month dealing with complying with consumer rights, compared to 3.5 days per month for micro businesses, as shown in Table 7.1.

**Table 7.1: How many days in total staff spend per month on dealing with complying with consumer rights, by size**

	Total	Micro	Small	Medium	Large
<i>Base</i>	179	55	38	38	48
Mean	3.6	3.5	3.1	8.2	12.0

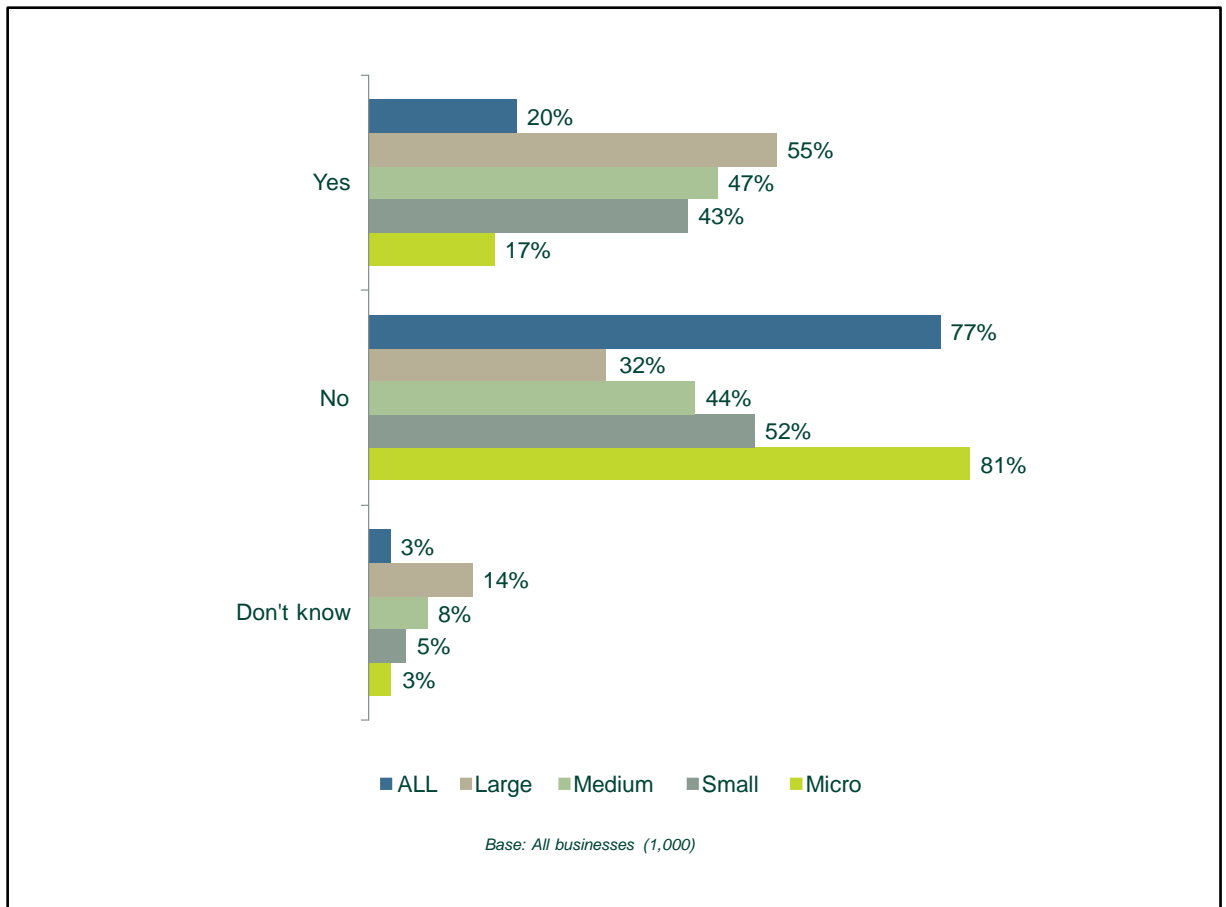
**Use of external legal advice**

7.6 Turning now to look at use of external legal advice, all businesses were asked whether they had ever used the services of private law firms to provide advice on complying with consumer rights. Overall, one-fifth of businesses (20%) reported that they had used private law firms.

7.7 Splitting out these responses by business size, use of external legal advice increased in line with business size. As shown in Figure 7.2 below, 55% of large business and 47% of medium sized business answered that they had sought the services of private law firms, compared to 17% of micro businesses.



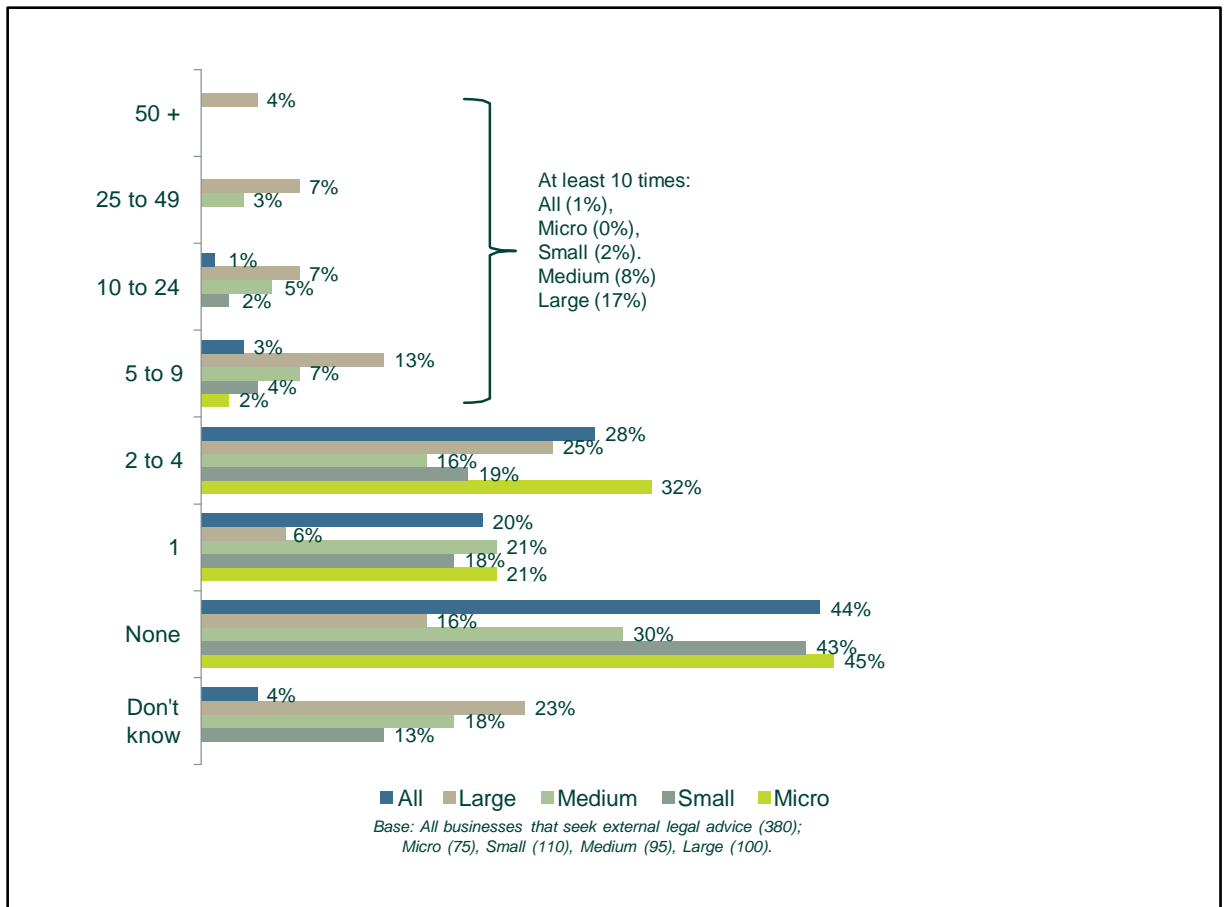
**Figure 7.2: Whether have ever used private law firms to provide advice on complying with consumer rights, by size**



7.8 In terms of how often businesses had sought the advice of private law firms on consumer rights issues, a very small proportion (1%) of all the businesses interviewed had sought such advice more than 10 times in the last 12 months. However this figure increased as business size increased: 8% of medium firms and 17% of large firms had sought external legal advice more than 10 times in the last 12 months (see Figure 7.3).



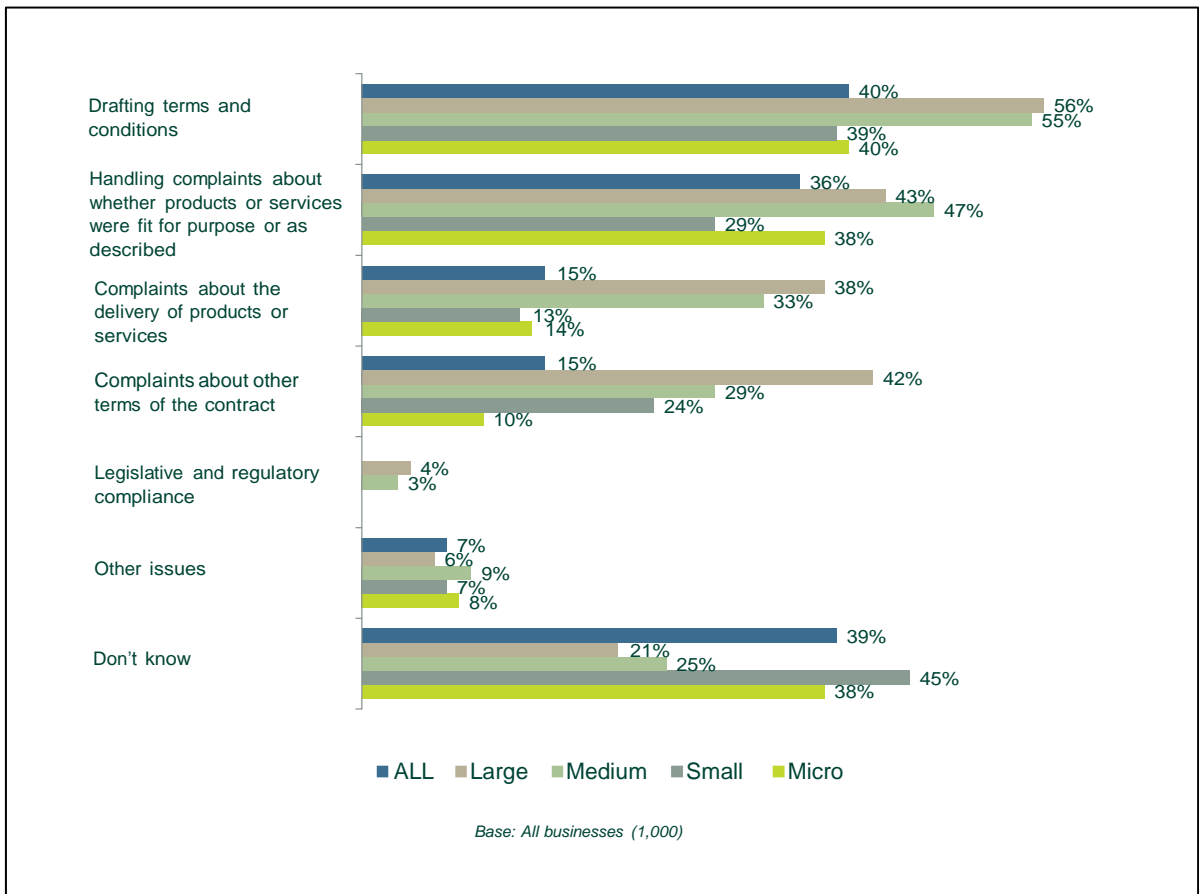
**Figure 7.3: How often businesses have sought external legal advice on consumer rights issues, by size**



- 7.9 At the overall industry sector level, digital content businesses were more likely to have sought external legal advice on 10 or more occasions in the last 12 months: 10% had done so compared with 1% of businesses in the goods sector and 1% of businesses in the services sector.
- 7.10 A further question was also put to businesses, about the topics on which they had sought external legal advice. Drafting terms and conditions (40%), handling complaints about whether products or services were fit for purpose or as described (36%) and complaints about the delivery of the products or services (15%) were the three most frequently cited topics.
- 7.11 Responses varied by size and industry sector: larger businesses were more likely to have received advice on issues to do with drafting terms and conditions, complaints about the delivery of products or services and complaints about other terms of the contract (as shown in Figure 7.4).



**Figure 7.4: Consumer rights issues on which businesses have received advice, by size**



7.12 With regard to industry sector differences, businesses in the digital content sector were more likely to have sourced advice on drafting terms and conditions (62% vs. 47% among services businesses and 20% among goods businesses) and complaints about the delivery of products or services (31% vs. 15% among services businesses and 12% among goods businesses). The only topic on which digital content businesses were less likely to have received advice was on the handling of complaints about whether products or services are fit for purpose or as described (16% vs. 37% among services businesses and 34% among goods businesses).

7.13 In addition to being asked about use of external legal advice, businesses were asked whether their company had ever sought advice on complying with consumer rights from other organisations, such as trade bodies. Only a third of businesses fed back that they had (31%). There were some differences by firm size: large firms were more likely to have used such advice (41% vs. 30% among micro businesses).

7.14 Those that had used the services of other organisations were asked a further question on how often they had sought this advice in the last 12 months. Usage was infrequent: while 2% reported having received this advice at least 10 times in the last 12 months, around half (54%) had not used the services of other organisations at all. Large businesses were more likely to have done so: 23% had used the services of other organisations at least 10 times, compared to 2% of micro and 4% of small businesses.



7.15 Businesses were also asked whether they had paid for this advice. Only around a quarter reported that they had (27%), although large businesses were more likely to have paid (42% vs. 24% of small businesses). Those that sell to the public and to businesses, as opposed to those that only sell to the public, were also more likely to have paid a fee for advice from other organisations (33% vs. 19%).

### Cost of seeking legal advice

7.16 Surveyed businesses which had sought advice to ensure compliance with consumer rights legislation (either from private law firms or other organisations, such as trade bodies) were asked to estimate the total annual cost to their business of seeking such advice (Table 7.2). On average, businesses spent £1,497 per annum, rising in line with business size from £903 among micro businesses to £2,532 among large businesses. Digital content business spent on average £1,774 per annum, compared with £1,472 by goods and £1,396 by services businesses.

**Table 7.2: Cost of seeking advice about consumer rights legislation, by size and sector**

	Businesses which seek advice to ensure compliance with consumer rights legislation		Mean cost incurred per annum	
	Base (unweighted)	%	Base (unweighted) <sup>9</sup>	£
All businesses	1,000	43	42	1,497
<i>Size</i>				
Micro (1-9 staff)	394	40	15	903
Small (10-49 staff)	262	59	14	1,604
Medium (50-249 staff)	169	60	6	1,523
Large (250+ staff)	175	67	7	2,532
<i>Sector</i>				
Goods	410	44	16	1,472
Digital content	96	45	8	1,774
Services	494	42	18	1,396

<sup>9</sup> Four extreme outliers have been removed from the data set for this question.





## 8 Dispute resolution

8.1 In this section we turn to the issue of dispute resolution, examining first the number and types of disputes businesses have handled before and looking at their approach to resolving disputes and the number and types of disputes that have led to legal proceedings. We also explore the extent to which businesses have a dedicated customer complaints department and the cost of handling consumer complaints.

### Number of disputes

8.2 Respondents were asked to estimate approximately how many unsatisfied customers they handled, taking into account complaints or issues that are resolved through explanation or advice as well as more serious issues. Respondents were given the option of providing an estimate per week, per month or per year and responses were analysed to provide a per annum figure.

8.3 Overall, 53% of businesses reported that they handled at least some dissatisfied customers each year. There was no clear pattern by business size: 50% of micro businesses experienced dissatisfied customers, compared with 76% of small businesses, 68% of medium-sized businesses and 65% of large businesses. Businesses experienced on average (mean) 16.1 unsatisfied customers per year. This rose in line with business size: micro businesses experienced on average 10.6 unsatisfied customers per year, compared with 818.1 among large businesses.

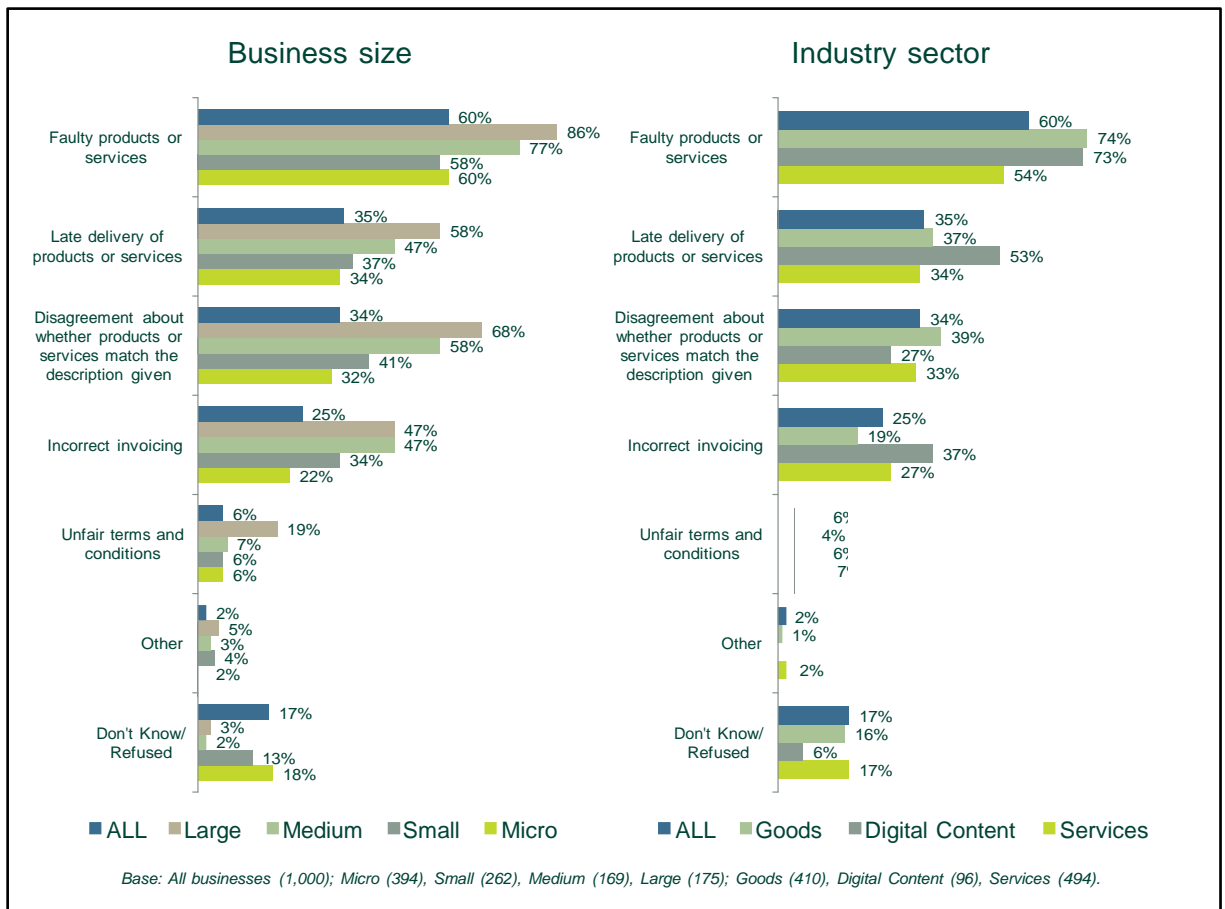
### Types of disputes

8.4 Those businesses which reported having experienced complaints or issues were asked to state what kind of issues had arisen. The most commonly cited issue was faulty products or services (60%), followed by the late delivery of products or services (35%) and disagreements about whether products or services match the description given (34%).

8.5 Large and medium-sized businesses were more likely than average to have experienced each of the types of issue listed (with the exception of unfair terms and conditions, which medium-sized businesses were no more likely than average to experience). Goods and digital content businesses were more likely to have experienced issues with faulty products and services (74% and 73% respectively) than services businesses (54%), while digital content businesses were more likely to have experienced issues with late delivery of products or services (53%) than goods and services businesses (37% and 34% respectively). Looking at the motor vehicles and motor vehicle parts sub-sector, faulty products or services was the most common issue (83%). The breakdown of the types of issues is shown in Figure 8.1.



**Figure 8.1: Types of issues experience by businesses, by size and sector**



### Resolving disputes with customers

8.6 Businesses were asked to estimate the proportion of customer complaints that are resolved simply by providing explanations or advice rather than more formal actions such as refunds, replacements or repairs. Just under half (46%) of businesses reported that 90% or more of their complaints were resolved by providing explanations or advice, although there was considerable variation by business size: 47% of micro businesses reported resolving 90% or more of complaints in this way, compared with 20% of large businesses. Businesses operating in the services sector were also more likely to resolve issues informally: 50% reported that 90% or more of complaints were resolved by providing explanations or advice compared with 32% of digital content and 36% of services businesses. Table 8.1 sets out the mean proportions of complaints resolved informally, broken down by business size and industry sector.



**Table 8.1: Mean proportion of complaints resolved informally, by size and sector**

	Base	Mean
<b>Total</b>	808	72.5
<i>Size</i>		
<b>Micro</b>	307	72.9
<b>Small</b>	225	71.6
<b>Medium</b>	133	63.3
<b>Large</b>	143	62.7
<i>Sector</i>		
<b>Goods</b>	336	64.9
<b>Digital Content</b>	76	64.0
<b>Services</b>	396	75.6

8.7 Businesses in the professional services sector were most likely to resolve complaints from customers by providing explanations or advice (mean proportion: 88%), while businesses in the sale of motor vehicles and motor vehicle parts sector were least likely to do so (mean proportion: 49%).

### Legal Proceedings

8.8 Those businesses which had experienced complaints or issues were asked to estimate the proportion of issues raised by unsatisfied customers that had led to legal proceedings. Only 3% of businesses reported that issues with customers had led to legal proceedings, but this varied considerably by size: 36% of large businesses had experienced legal proceedings compared with only 3% of micro businesses. There was little difference by sector.

8.9 Where issues had led to legal proceedings, this tended to happen infrequently: fewer than five times in the majority of cases.

8.10 In the relatively small number of cases where issues raised by unsatisfied customers had led to legal proceedings, the issues were most commonly faulty products or services (38%), accidents or injuries to customers<sup>10</sup> (30%) or disagreements about whether products or services match the description given (22%).

<sup>10</sup> This was an unprompted response; other response categories were read out to the respondent.



## Cost of handling consumer complaints

8.11 All surveyed businesses were asked to estimate the total annual cost of handling consumer complaints. On average the cost to the business was £10,407 per annum (Table 8.2). The amount spent increased in line with business size: micro businesses spent £2,230 a year on average, compared with large businesses, which spent £33,064. Businesses in the goods sector tended to spend considerably more: £18,419 compared with £5,646 in the digital content and £4,529 in the services sector.

**Table 8.2: Cost of handling consumer complaints, by size and sector**

Mean cost incurred per annum		
	Base (unweighted) <sup>11</sup>	£
All businesses	59	10,407
<i>Size</i>		
Micro (1-9 staff)	24	2,230
Small (10-49 staff)	18	4,938
Medium (50-249 staff)	8	21,753
Large (250+ staff)	9	33,064
<i>Sector</i>		
Goods	24	18,419
Digital content	12	5,646
Services	23	4,529

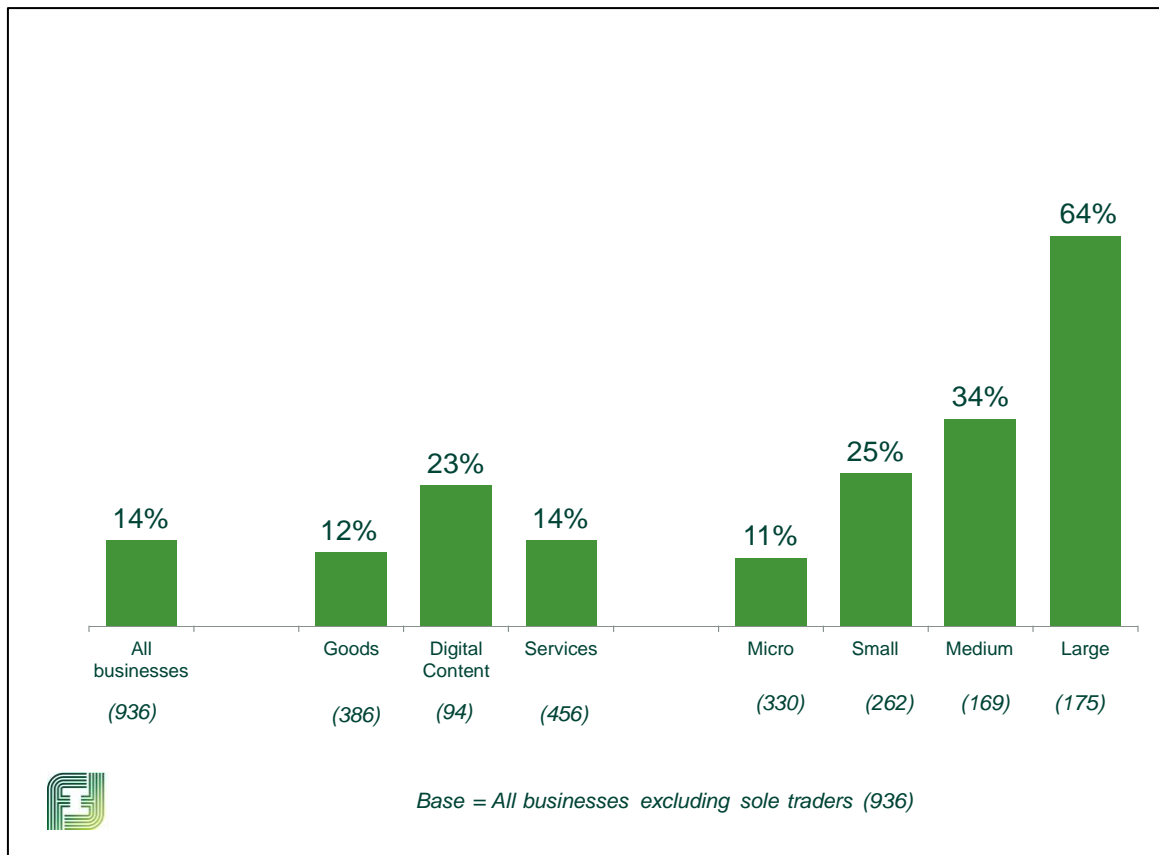
## Dedicated customer complaints department

8.12 Overall, 14% of businesses had a dedicated department for dealing with customer complaints, such as a customer services department. There was considerable variation by business size: 11% of micro businesses had a dedicated department, compared with 64% of large businesses. There was also some variation by industry sector: 23% of digital content businesses had a dedicated department for dealing with customer complaints, compared with 14% of services businesses and 12% of goods businesses. The full breakdown of responses by business size and industry sector is shown in Figure 8.2.

<sup>11</sup> One extreme outlier has been removed from the data set for this question.



**Figure 8.2: Businesses with a dedicated department for dealing with customer complaints, by size and sector**



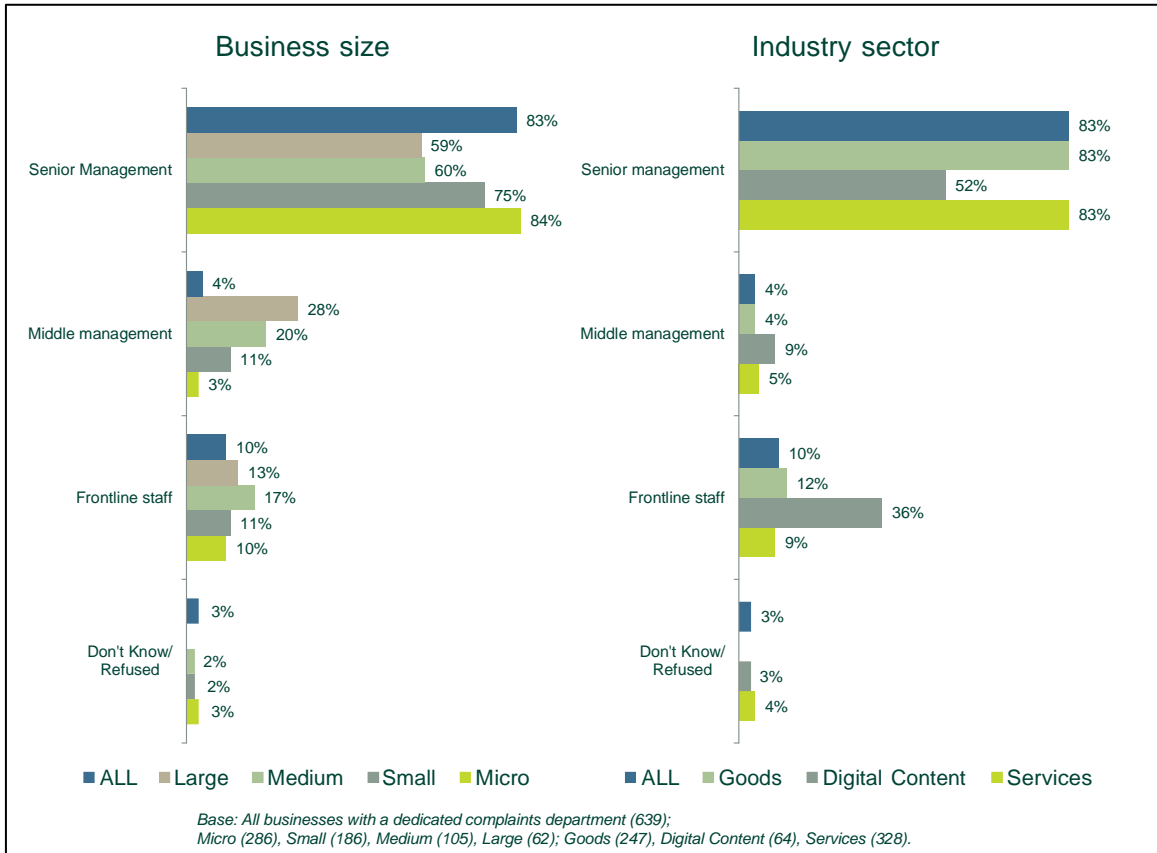
8.13 Businesses without dedicated customer complaints departments were asked which types of staff were primarily responsible for dealing with customer complaints. Eighty-three per cent of businesses reported that senior management were primarily responsible for doing so: this decreased from 84% among micro businesses to 59% among large business. Conversely, the proportion reporting that middle management were primarily responsible for dealing with customer complaints increased in line with business size: from 3% among micro businesses to 28% among large businesses.

8.14 Across all sectors, senior management was most likely to deal with consumer complaints (goods and services: both 83%; digital content: 52%), although it is worth noting that digital content business were comparatively more likely to delegate the responsibility for dealing with customer complaints to frontline staff (36%) than goods and services business (12% and 9% respectively).

8.15 The findings by business size and industry sector are set out in Figure 8.3 below.



**Figure 8.3: Types of staff primarily responsible for dealing with consumer complaints in businesses without dedicated customer complaints departments, by size and sector**



## Cost of maintaining a dedicated customer complaints department

8.16 Surveyed businesses which had a dedicated department for dealing with customer complaints (14% of all businesses) were asked to estimate the total annual cost of running such a department. On average, businesses spent £15,474 per year on running a dedicated department for dealing with customer complaints (Table 8.3). Expenditure increased broadly in line with business size (micro: £1,423; large: £35,540) and goods and digital content businesses spent considerably more (£31,560 and £20,609 respectively) than services businesses (£3,038).

**Table 8.3: Cost of maintaining a customer complaints department, by size and sector**

	Businesses with a customer complaints department		Mean cost incurred per annum	
	Base (unweighted)	%	Base (unweighted) <sup>12</sup>	£
All businesses	936	14	18	15,474
<i>Size</i>				
Micro (1-9 staff)	330	11	5	1,423
Small (10-49 staff)	262	25	6	835
Medium (50-249 staff)	169	34	1	– *
Large (250+ staff)	175	64	6	35,540
<i>Sector</i>				
Goods	386	12	6	31,560
Digital content	94	23	3	20,609
Services	456	14	9	3,038

\*Mean value not shown as only based on one response

<sup>12</sup> Three extreme outliers have been removed from the data set for this question.



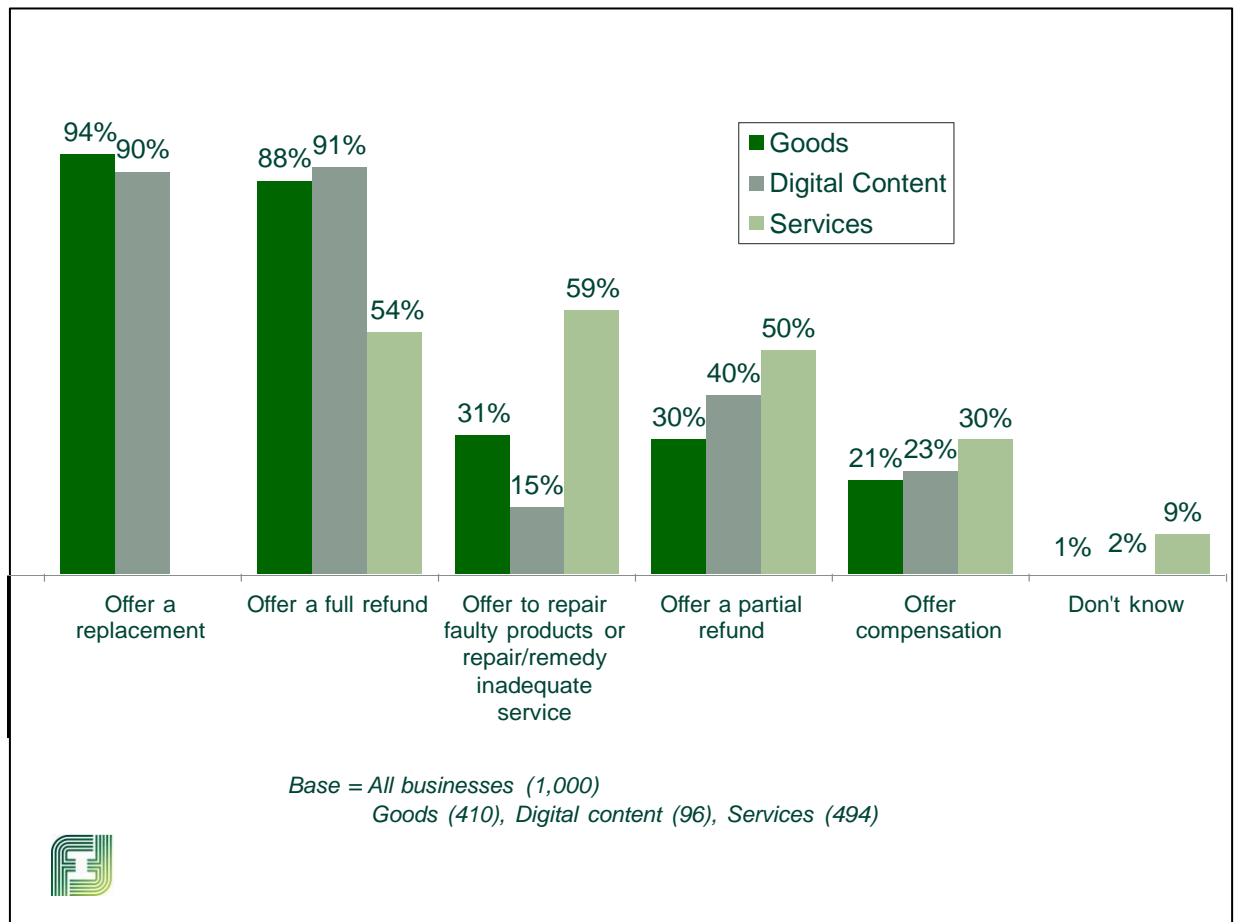
## 9 Approaches to consumer redress

9.1 In this section we examine the different approaches taken by businesses when customers consider that (in the case of goods and digital content) a product that they have purchased is faulty or does not meet its description, or (in the case of services), a service they have purchased has not been delivered with reasonable care and skill.

### Approaches used

9.2 Respondents were asked to state, from a list of potential approaches, which they ever took in the event that a customer reported that a purchase product was faulty or did not meet its description, or a purchased service had not been delivered with reasonable care and skill. It was specified that they should not take into account cases where a consumer simply changed their mind, rather occasions where the consumer felt there was a fault with the product or service. Responses by broad sector of business are shown in Figure 9.1 below.

**Figure 9.1: Approaches to redress (by broad sector)**





9.3 The definitions of each of these approaches that were given to respondents are shown below:

**Replacements:** Offering to replace the product with another identical or similar one

**Full refunds:** By full refund we mean a refund equal to the value of the original sale price of the product or the original agreed price for the service

**Partial refunds:** By partial refund we mean a refund equivalent to less than the value of the original sale price of the product or the original agreed price for the service

**Compensation:** Where the consumer gets to keep the product or service and you offer them some form of additional recompense – financial or otherwise

9.4 Nearly all businesses selling goods or digital content reported that there were occasions on which they would offer a replacement and occasions on which they would offer a full refund. In total 94% of businesses providing goods stated that they would sometimes offer a replacement and 88% stated that they would sometimes offer a full refund. Among businesses providing digital content, 90% stated that they would sometimes offer a replacement and 91% that they would sometimes offer a full refund.

9.5 Among businesses providing a service (for whom offering a replacement was not applicable), it was almost equally common for businesses to offer full refunds (54%), offer partial refunds (50%) or to offer to repair/remedy inadequate service (an approach used by 59%).

9.6 As Figure 9.1 shows, goods and digital content businesses were much less likely to offer a partial refund than they were to offer a full refund (while services companies were almost equally likely to offer each approach).

9.7 Around a third of businesses selling goods sometimes offered to repair faulty products (31%) so this was a much less commonly used approach than offering refunds or replacements. It was even less common among businesses selling digital content (15%).

9.8 Looking across the business population as a whole, the overall incidences of offering each form of redress were:

- Offering full refunds: 63%
- Offering to repair faulty goods or repair/remedy inadequate service: 51%
- Offering partial refunds: 45%
- Offering replacements: 27%<sup>13</sup>
- Offering compensation: 27%

9.9 Within businesses selling goods, there was limited variation in the likelihood to offer replacements or full refunds by more detailed sector/type of business. However, the likelihood to offer partial refunds varied quite considerably (from 44% of businesses involved in sale of motor vehicles or parts to 18% of businesses selling goods in generalist stores). Similarly the likelihood to offer repairs varied considerably with motor vehicle/parts businesses being the most likely to take this approach (60%) and those selling goods in generalist stores least likely (15%). Within generalist stores, it was relatively uncommon to take any approach other than full refunds or replacements.

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<sup>13</sup> The proportion offering replacements among goods and digital content businesses was 94%.



- 9.10 Within the service sector, there were variations in the likelihood to offer full refunds with around three in five businesses involved in either accommodation/food services or personal services taking this approach compared to 49% of construction businesses and 36% of professional services businesses. There were also marked differences within the services sector in the likelihood to offer to remedy/repair services with 83% of construction businesses offering this, 68% of personal services businesses, 61% of professional services businesses and only 30% of accommodation/food services businesses. However there was much less variation in the likelihood to offer partial refunds or to offer compensation.
- 9.11 There were considerable variations in the likelihood of offering each of these mechanisms of consumer redress by size of organisation with the very largest businesses (those with 250 or more staff) generally more likely to offer all approaches (Table 9.1).

**Table 9.1: Approaches to redress (by company size)**

	All Businesses	Micro (1-9 staff)	Small (10-49 staff)	Medium (50-249 staff)	Large (250+ staff)
<i>Base (unweighted)</i>	<i>(1,000)</i>	<i>(394)</i>	<i>(262)</i>	<i>(169)</i>	<i>(175)</i>
	%	%	%	%	%
Offer a full refund	<b>63</b>	63	66	69	84
Offer to repair faulty goods / repair/remedy inadequate service	<b>51</b>	50	56	53	56
Offer a partial refund	<b>45</b>	42	55	70	72
Offer replacements	<b>27</b>	27	22	25	34
Offer compensation	<b>27</b>	26	32	48	68
Don't know	<b>7</b>	7	4	8	4

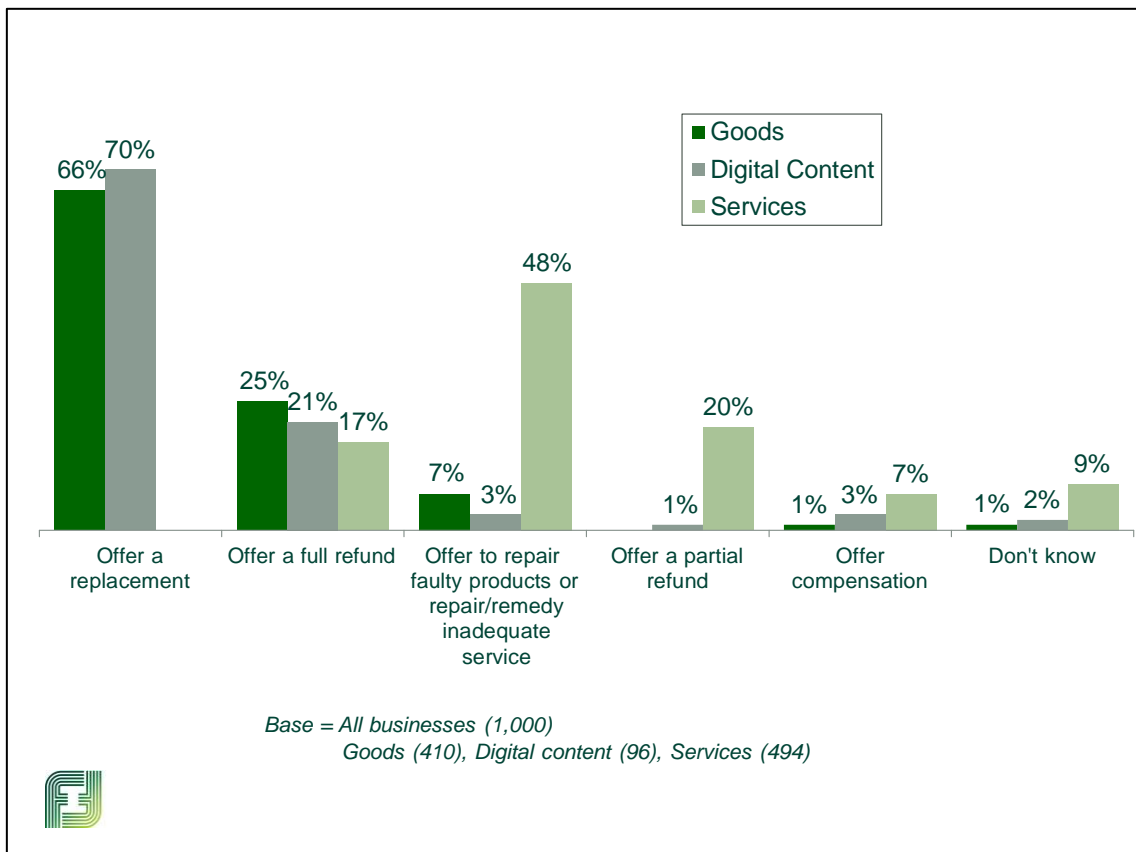
- 9.12 The largest variation in approaches to redress by size of business was seen in the likelihood to offer compensation and the likelihood to offer partial refunds.

### Most common approach used

- 9.13 As well as asking about approaches that they **ever** took when a customer reported that a purchase product was faulty or did not meet its description, or a purchased service had not been delivered with reasonable care and skill, businesses were also asked to state which approach was the **most common**. Figure 9.2 shows the most common approaches by broad sector.



**Figure 9.2: Most common approach to redress (by broad sector)**



9.14 Among both goods and digital content businesses, by far the most common approach taken to consumer redress was to offer a replacement item. Businesses where this was not the most common approach generally offered a full refund as their most common approach. In the services sector there was more variation in the approach that businesses most commonly took. Around half most commonly offered to repair/remedy the service provided, while another one in five would most commonly offer a partial refund and just under one in five offer a full refund.

9.15 Business sector had a much greater bearing on the most common approach to consumer redress than size of business. The variation in 'most common approach' by size was relatively slight. However the likelihood of offering a partial refund being the most common approach decreased with size of business (from 37% of micro businesses to 27% of the largest businesses).



## 10 Refunds

10.1 This section looks specifically at the approaches that businesses take to providing refunds. As has been shown in the previous chapter, 63% of businesses stated that they sometimes offered full refunds and 45% that they sometimes offered partial refunds. For 19% of businesses offering a full refund was their most common approach to consumer redress and a further 14% stated that offering a partial refund was their most common approach. This chapter looks at the time period within which refunds were guaranteed and how this is arrived at, the volumes of full and partial refunds given and the factors taken into account when determining the levels of partial refund provided.

### Short-term right to reject

10.2 Businesses selling goods or digital content who offered full refunds were asked whether they specified a **'short term right to reject'** i.e. whether they specified a time period within which a full refund would always be given if a product was faulty or did not match the description given to the customer (even if after this period there might be more discretion about how this type of issue was handled). Of this group that offered full refunds, 38% stated that they specified a short term right to reject (38% of businesses selling goods and 33% of those selling digital content). This equates to 33% of all businesses selling goods and 30% of all businesses selling digital content.

10.3 Businesses were asked to specify within what period customers were guaranteed a full refund for faulty products; in cases where this varied across their product range there were asked to respond in connection with the product that they sold most of. In two thirds of cases where businesses specified a short-term right to reject (67%), the time period within which customers were guaranteed a full refund was less than one month. However, reflecting the wide range of goods and digital content sold by businesses with a right to reject, the time periods used varied considerably. Across all these businesses:

- **67%** had a short-term right to reject over a period of less than one month;
- **13%** over a period of 1 to 2 months
- **2%** of 3 to 5 months
- **11%** of 6 months to a year
- None of between a year and two years
- **6%** of more than two years

10.4 Across all businesses with a right to reject, the mean time period specified was 5.1 months although the median period was 1 month.

10.5 The numbers of businesses specifying a short-term right to reject is really too small to support robust analysis by sub-sector but the results indicated that the time periods specified were much longer for the sale of motor vehicles and parts sub-sector.

10.6 Among businesses that specified a short-term right to reject, three in five (59%) stated that the time period involved was the same for all the products that they sold while 41% stated that it varied by product. Digital content businesses almost all stated that it was the same for all their products (90%).

10.7 Those with a short-term right to reject were also asked (on a prompted basis) about the factors that determined how they decided on an appropriate time period for guaranteeing a full refund on the return



of faulty goods. The responses given are shown in Table 10.1 (note that respondents often mentioned several factors so the responses given do not sum to 100%). As the table shows, there were a wide range of factors taken into account largely relating to the nature of the project sold.

**Table 10.1: Factors taken into account in determining time period for short-term right to reject**

All Businesses	
<i>Base: All goods and digital content businesses with a specified short-term right to reject</i>	
	(170)
	%
The value of the item	<b>31</b>
Whether there are hygiene considerations	<b>27</b>
Whether product is perishable	<b>24</b>
If the item is for short-term use only	<b>20</b>
The condition of the product at the point of request for a refund	<b>13</b>
Whether have a long-term relationship with customer	<b>11</b>
Legal requirements	<b>11</b>
Manufacturer terms and conditions	<b>8</b>
Whether the item can be copied	<b>4</b>
Other factors	<b>12</b>
Don't know	<b>11</b>

### Maximum time period for providing full refund

- 10.8 All goods and digital content businesses that provided full refunds (including both those who did and did not specify a period for the short-term right to reject) were asked to specify the maximum length of time after which they could recall having given customers a full refund for faulty products or products that customers felt did not match their description.
- 10.9 As 10.2 demonstrates, there was considerable variation in the maximum time periods that had been used. Across all goods and digital content businesses that had offered a full refund, the mean maximum time period involved was 4.9 months (although the median was 1 month). The time periods involved tended to be longer for businesses in the sale of motor vehicles and parts sub-sector (mean of 9.2 and median of 6).



**Table 10.2: Time period for short-term right to reject**

	All	Goods	Digital Content
<i>Base: All goods and digital content businesses with offering full refunds</i>	(449)	(365)	(84)
	%	%	%
Less than 1 month	41	41	26
1 to 2 months	17	17	14
3 to 5 months	7	7	9
6 months to a year	15	14	31
More than one year to 2 years	3	3	1
More than 2 years	5	5	1
Don't know	11	11	17
Median response	1	1	1
Mean response	4.9	4.9	5.2

### Volume of disagreements over refunds

- 10.10 All businesses who sold goods or digital content were asked approximately how many instances of disagreements with customers about whether or not they were entitled to a full refund for products that they felt were faulty or not as described that they had experienced over the last 12 months. As would be expected, the responses given to this question were hugely influenced by size of business.
- 10.11 Three in five businesses stated that they had not had any such disagreements (62% of micro businesses, 46% of small businesses, 34% of medium businesses and 14% of large businesses).
- 10.12 Across all goods and digital content businesses, a mean of 1.9 disagreements per business had been experienced.
- 10.13 Table 10.3 below shows the mean number of disagreements experienced by business size and sector. For reference, the proportion of businesses experiencing any disagreements is also shown.



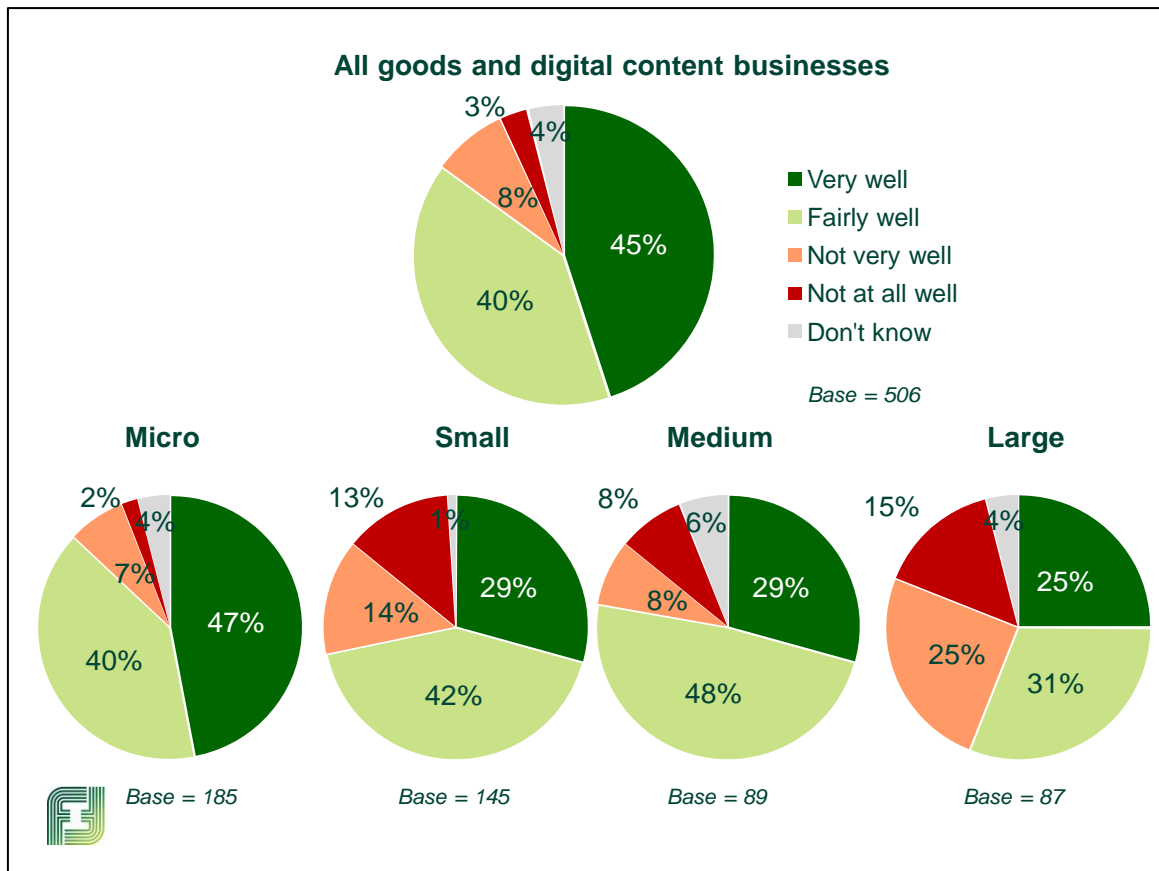
**Table 10.3: Disagreements over entitlement to full refunds experienced over last 12 months**

Sector			% of businesses experiencing any disagreements	Mean number of disagreements per business
	<i>Base</i>			
All goods and digital content businesses	(506)	%	36%	1.9
All goods businesses	(410)	%	36%	1.9
Digital content businesses	(96)	%	27%	1.3
Micro businesses (1 to 9 staff)	(185)	%	34%	1.6
Small businesses (10 to 49 staff)	(145)	%	52%	3.1
Medium businesses (50 to 249 staff)	(89)	%	52%	5.2
Large businesses (250+ staff)	(87)	%	59%	47.7

10.14 Goods and digital content businesses were also asked how well they felt that their customers generally understood if and when they are entitled to full refunds for products that were faulty or not as described. Reflecting the fact that a large proportion of businesses stated that they had not experienced any disagreements in this area in the last 12 months, businesses generally felt that there were reasonable levels of understanding among their businesses. Just under half (45%) felt that their customers understood their rights in this area very well with a further 40% stating fairly well. However as Figure 10.1 indicates, perceptions varied considerably by size of business with larger businesses less likely to feel that there was good understanding. There were however few differences by sector in perceived levels of understanding.



**Figure 10.1: How well feel that customers generally understand if and when they are entitled to full refunds for products that are faulty or not as described (by size)**



### Number of instances of giving full and partial refunds

10.15 As shown earlier, 63% of businesses stated that there were some occasions under which they might offer a full refund. Of these, a third (34%) had not given any full refunds in the last 12 months. Across businesses providing full refunds the mean number of refunds given over the preceding 12 months was 18.9 although the median was only 2 (reflecting the large proportion of the business population that are micro and small businesses). This figure varied considerably by size and sector as shown in Table 10.4 below

10.16 Table 10.4 also shows volumes of partial refunds. As shown earlier only 45% of businesses stated that they ever offered partial refunds. Of these businesses, 40% had not given any partial refunds within the last 12 months. On average across all businesses using this approach, the mean number of partial refunds given was 8.0 and the median number was 2.





**Table 10.4: Volume of full and partial refunds given (based on all businesses)**

Sector			% of businesses offering full refunds	Mean volume of full refunds per business		
	<i>Base</i>					
<b>All businesses</b>	(1,000)	%	63%	8.7	45%	2.6
<b>All goods businesses</b>	(410)	%	88%	23.2	30%	2.4
<i>Sale of motor vehicles and parts</i>	(118)	%	82%	7.6	44%	2.2
Sale of goods in specialist stores	(82)	%	88%	22.6	31%	2.3
Sale of goods in generalist stores	(106)	%	92%	28.0	18%	1.1
Sale of goods outside stores	(104)	%	87%	45.3	34%	9.4
<b>Digital content businesses</b>	(96)	%	91%	16.6	40%	9.7
<b>All services businesses</b>	(494)	%	54%	2.9	50%	2.6
Utilities	(66)	%	63%	13.0	48%	13.1
Construction and repair of goods	(94)	%	49%	0.1	54%	0.8
Accommodation and food services	(109)	%	63%	5.3	54%	4.7
Professional services	(124)	%	36%	2.1	47%	2.9
Personal services	(101)	%	62%	4.6	41%	1.5
Micro businesses (1 to 9 staff)	(185)	%	63%	5.3	42%	1.0
Small businesses (10 to 49 staff)	(145)	%	66%	14.1	55%	6.2
Medium businesses (50 to 249 staff)	(89)	%	69%	108.6	70%	29.4
Large businesses (250+ staff)	(87)	%	84%	168.4	72%	128.9

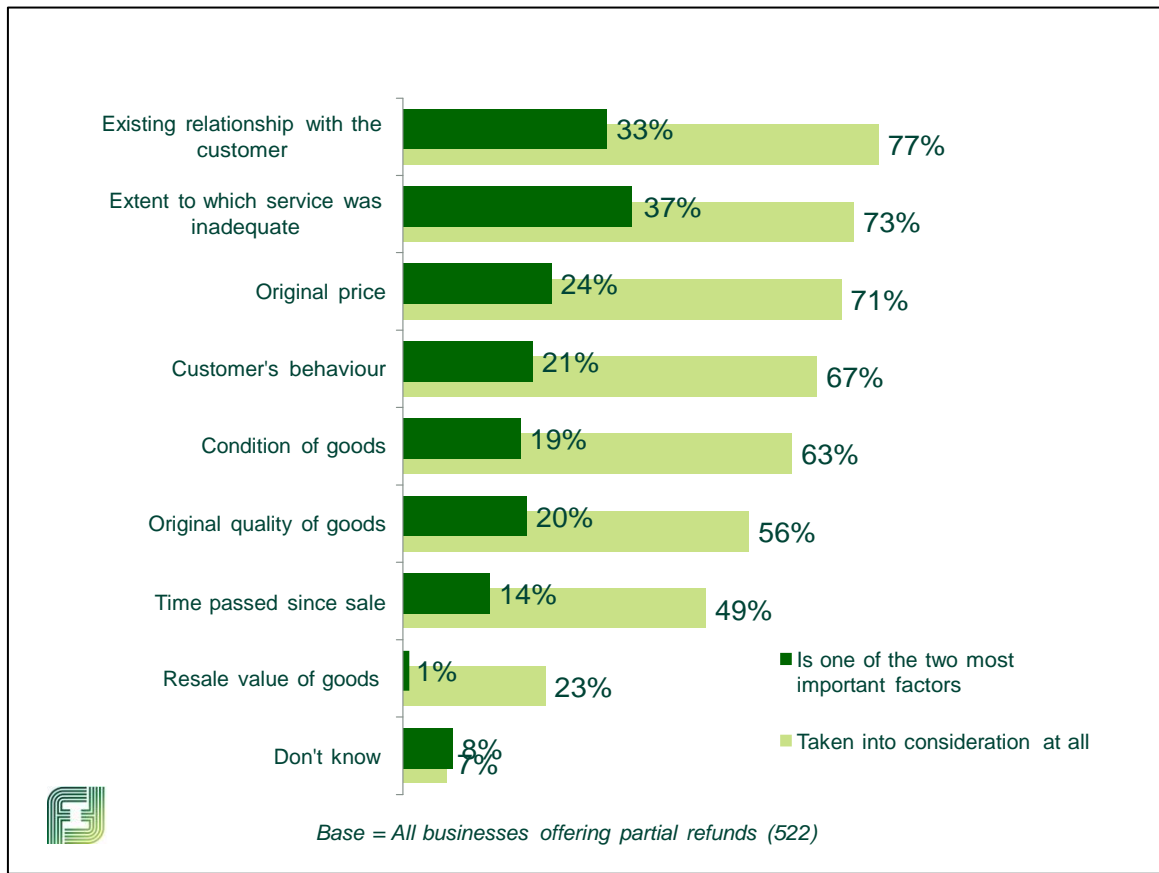
### Policy for giving partial refunds

10.17 Those businesses who offered partial refunds were asked which factors they took into account when determining the value of the refund to offer. Figure 10.2 shows the reasons given. This figure shows both the proportion of businesses taking each factor into consideration **at all** and the proportion stating that it was one of the top two issues that they considered when determining the level of refund to offer.

10.18 As the figure shows, the factors most likely to be used to determine the value of a partial refund were the nature of the existing relationship with the customer and the extent to which the service given was deemed to be inadequate (which obviously does not apply to goods or digital content businesses). However there was a wide range in the 'top 2' factors taken into consideration.



**Figure 10.2: Factors taken into account when determining value of partial refunds**



10.19 There were differences by the broad sector of the business. Across all 3 broad sectors – goods, services and digital content – the existing relationship with the customer was one of the factors most likely to appear in the top two used to determine the value of partial refunds (32% for goods businesses, 38% for digital content and 33% for services businesses). In goods businesses, the other factor most commonly appearing in the top 2 was the condition of the goods (33%). The extent to which the service was deemed to be inadequate was the factor most likely to appear in the ‘top 2’ for services businesses (42%). In digital content businesses, the time passed since sale was the other factor (alongside nature of the relationship with the customer) that was most likely to appear in the ‘top 2’ (33%).

10.20 As well as the factors that they took into account when determining the value of partial refunds, businesses were also asked to briefly outline their company’s policy in determining the levels of partial refunds. The vast majority of businesses described ‘case by case’ approaches based on combinations of the factors described above. It was common for businesses to state that managers had discretion to determine the level of refund given. The quotes below are typical of the responses given by many companies.

*“It depends to the degree with which I feel we are at fault as some people have unrealistic expectations.”*

*“It would be based upon the previous two points, the relationship with the customer and the attitude, and whether I’m in a good mood or not.”*



*“It's through the manager's judgement and depends on the situation with the guest. If we can offer getting away with - for example - like giving a glass of wine or dessert to compensate, we'll do that.”*

*“Whatever is fair and reasonable, there is no prescribed format for a refund as it's a service so we negotiate with the customer.”*

10.21 Of those describing their policies, fewer than one in ten mentioned a more formalised system for assessing the value of partial refund to offer. Some examples of slightly more structured assessment processes included:

*“We're talking about gas cylinders and complaints are usually to do with the cylinder, if that's the case we will replace, occasionally we will weigh it and compensate pro rata on the remains of the contents.”*

*“We have various levels, depending on the severity of the issue, if we offer a partial refund, things such as a slight spelling mistake would give about 10%, if it doesn't detract from the advert we may not offer to re-run it, but if for example it was a telephone number and that was the only point of contact, we'll probably offer to re-run it.”*

*“We have a standard discount of 10% if there is a complaint about a room and noise and customers that are not satisfied are asked to write to the manager.”*



## Cost of full refunds

10.22 Surveyed businesses that offered full refunds were asked to estimate the total annual cost of giving full refunds. On average businesses spent £3,931 per annum doing so, increasing broadly in line with business size (Table 10.5).<sup>14</sup> Goods businesses spent more (£7,781) than services (£2,364) and digital content (£972) businesses.

**Table 10.5: Cost of providing full refunds, by size and sector**

	Businesses which offer full refunds		Mean cost incurred per annum	
	Base (unweighted)	%	Base (unweighted) <sup>15</sup>	£
All businesses	1,000	63	49	3,931
<i>Size</i>				
Micro (1-9 staff)	394	63	19	444
Small (10-49 staff)	262	66	16	900
Medium (50-249 staff)	169	69	7	22,107
Large (250+ staff)	175	84	7	2,147
<i>Sector</i>				
Goods	410	88	17	7,781
Digital content	96	91	11	972
Services	494	54	21	2,364

<sup>14</sup> The apparent anomaly that medium-sized businesses spend considerably more than large businesses on refunds can be ascribed to the fact that the outliers removed from the analysis are predominantly large goods businesses. If these were included, then the mean annual cost for large businesses would be considerably higher than that for medium businesses.

<sup>15</sup> Five extreme outliers have been removed from the data set for this question.



## Cost of partial refunds

10.23 Surveyed businesses offering partial refunds were in turn asked to estimate the total annual cost of giving partial refunds. Businesses incurred on average £3,417 per year giving partial refunds (Table 10.6). While there was no clear pattern by business size, there was some variation by industry sector: digital content businesses tended to spend the least on average (£661 per annum), while goods and services businesses' expenditure was similar (£4,304 and £4,069 respectively).

**Table 10.6: Cost of providing partial refunds, by size and sector**

	Businesses which offer partial refunds		Mean cost incurred per annum	
	Base (unweighted)	%	Base (unweighted) <sup>16</sup>	£
All businesses	1,000	45	33	3,417
<i>Size</i>				
Micro (1-9 staff)	394	42	11	35
Small (10-49 staff)	262	55	10	254
Medium (50-249 staff)	169	70	5	21,062
Large (250+ staff)	175	72	7	646
<i>Sector</i>				
Goods	410	30	10	4,304
Digital content	96	40	7	661
Services	494	50	16	4,069

<sup>16</sup> One extreme outlier has been removed from the data set for this question.



# 11 Compensation

11.1 This section of the report looks briefly at the issue of providing compensation<sup>17</sup> to customers. It looks at the number of occasions where businesses reported that this had taken place in the last 12 months and then looks at the costs of providing compensation.

## Number of occasions where compensation was given

11.2 As shown earlier, just over a quarter of businesses (27%) stated that there were some occasions under which they might offer compensation although it was very rare for this to be businesses' main approach to customer redress. Of the businesses offering compensation, two fifths (42%) had had no occasions where they had done so in the last 12 months. Across all businesses offering compensation, the mean number of occasions on which compensation had been given was 41.3 (and the median was 1). Table 11.1 shows the number of occasions of providing compensation by broad sector (based on all businesses not just on those offering compensation).

**Table 11.1: Number of occasions where compensation given in last 12 months (based on all businesses)**

	All	All Goods	All Digital Content	All Services
<i>Base: All businesses</i>				
	%	%	%	%
1	6	3	8	7
2 to 4	5	5	4	6
5 to 9	1	2	1	1
10 to 19	*	*	-	*
20 to 49	1	2	-	-
50+	*	*	*	*
None (but do offer compensation)	11	9	4	12
Mean response	7.8	2.9	4.3	9.7

<sup>17</sup> Compensation was defined to respondents as follows: "Where the consumer gets to keep the product or service and you offer them some form of additional recompense – financial or otherwise."



11.3 Table 11.2 shows the mean number of occasions where compensation had been given by sector (again based on all businesses rather than just those offering compensation). The proportion of businesses offering compensation is shown alongside for context.

**Table 11.2: Number of occasions when compensation given in last 12 months (based on all businesses)**

Sector			% of businesses offering compensation	Mean volume of occasions where compensation
	<i>Base</i>			
All businesses	(1,000)	%	27%	7.8
All goods businesses	(410)	%	21%	2.9
Digital content businesses	(96)	%	23%	4.3
All services businesses	(494)	%	30%	9.7
Micro businesses (1 to 9 staff)	(394)	%	26%	0.6
Small businesses (10 to 49 staff)	(262)	%	32%	11.5
Medium businesses (50 to 249 staff)	(169)	%	48%	252.9
Large businesses (250+ staff)	(175)	%	68%	460.8

### Determining the value of compensation provided

11.4 Those businesses offering compensation were asked to describe their policy for determining the level of compensation offered. Two fifths (42%) stated that they had no specific policy in this area and a further 7% were unsure. Among the remainder, the most common factors used to determine compensation levels were:

- The extent to which a service was inadequate (14%)
- The original price of the good or service (9%)
- The cost to repair or replace (8%)
- How the customer negotiates (7%)
- The need to retain loyal customers (4%)
- Additional costs incurred by the customer (1%)

11.5 As with policies around determining the value of partial refunds, the policies for setting levels of compensation were generally based on a case-by-case assessment of the merits of individual cases. Again fewer than one in ten who stated that they had a policy described a formalised assessment of the right to compensation. Some examples of the few that did have more structured policies included:

*“We have a scale that we work to depending on the seriousness of the breach would determine the payment.”*



*“We give them back 10% of the product value.”*

*“If a tax return is filed late then I would pay the late fee if it was my fault and if it was partially my fault I would pay for half of it.”*

*“We deal with printers. If a cartridge damages a printer then you replace the printer.”*

## Cost of giving compensation

11.6 Surveyed businesses which offered compensation to customers were invited to estimate the total annual cost to their business of doing so. The average cost was £1,235 per year, increasing in line with business size from £403 among micro businesses to £3,359 among large businesses (Table 11.3). Goods businesses incurred the greatest cost on average (£2,593), compared with services (£518) and digital content (£421).

**Table 11.3: Cost of providing compensation, by size and sector**

	Businesses which offer compensation		Mean cost incurred per annum	
	Base (unweighted)	%	Base (unweighted) <sup>18</sup>	£
All businesses	1,000	27	31	1,235
<i>Size</i>				
Micro (1-9 staff)	394	26	8	403
Small (10-49 staff)	262	32	9	477
Medium (50-249 staff)	169	48	6	651
Large (250+ staff)	175	68	8	3,359
<i>Sector</i>				
Goods	410	21	11	2,593
Digital content	96	23	6	421
Services	494	30	14	518

<sup>18</sup> Two extreme outliers have been removed from the data set for this question.





## 12 Replacements

12.1 This section of the report looks briefly at the issue of providing replacements to customers. It looks at the number of occasions where businesses had provided replacements and then at the costs of replacing products. This approach to customer redress is not relevant to businesses providing services and hence figures in this chapter are based just on the population of businesses providing goods or digital content.

### Number of occasions where replacements given

12.2 As shown earlier, just over a quarter of all businesses (27%) stated that there were some occasions under which they might offer to a replacement (equating to 94% of all goods and digital content businesses). Of the businesses which would sometimes provide replacements, 9% had had no occasions where they had done so in the last 12 months. Across all goods and digital content businesses providing replacements, the mean number of occasions on which compensation had been given was 20.9 (and the median was 6). Table 12.1 shows the number of occasions of providing replacements by broad sector (based on all goods and digital content businesses not just on those offering replacements).

**Table 12.1: Number of occasions where replacements provided in last 12 months (based on all goods and digital content businesses)**

	All goods and digital content businesses	All Goods	All Digital Content
<i>Base: All goods and digital businesses</i>	(506)	(410)	(96)
	%	%	
1	16	16	9
2 to 4	16	16	16
5 to 9	16	16	7
10 to 19	14	14	4
20 to 49	7	7	13
50+	7	7	4
None (but do offer replacements)	9	9	21
Mean response	20.9	21.1	8.8



12.3 Table 12.2 shows the mean number of occasions where replacements had been provided by sector and by size (again based on all goods and digital content businesses rather than just those offering replacements). The overall proportion of goods and digital content businesses offering replacements is shown alongside the mean figures.

**Figure 12.1: Number of occasions when replacements given in last 12 months (based on all businesses)**

Sector			% of businesses offering replacements	Mean volume of occasions where replacements
	<i>Base</i>			
Goods and digital content businesses	(506)	%	94%	20.9
Goods businesses	(410)	%	94%	21.1
Digital content businesses	(96)	%	90%	8.8
Micro businesses (1 to 9 staff)	(185)	%	95%	18.0
Small businesses (10 to 49 staff)	(145)	%	92%	20.2
Medium businesses (50 to 249 staff)	(89)	%	97%	164.1
Large businesses (250+ staff)	(87)	%	92%	119.2



## Cost of providing replacements

- 12.4 Surveyed businesses in the goods and digital content sectors which reported that they offered to replace goods which were faulty or did not meet their description were asked to estimate the total annual cost of providing replacement goods or digital content. The average cost incurred was £7,255 per annum, increasing in line with business size (Table 12.3). Businesses in the goods sector incurred higher costs (an average of £9,232 per annum) than those in the digital content sector (£2,313).

**Table 12.2: Cost of providing replacements, by size and sector**

	Businesses which offer replacements		Mean cost incurred per annum	
	Base (unweighted)	%	Base (unweighted) <sup>19</sup>	£
All goods and digital content businesses	506	27	28	7,255
<i>Size</i>				
Micro (1-9 staff)	185	95	12	249
Small (10-49 staff)	145	92	9	2,685
Medium (50-249 staff)	89	97	4	3,663
Large (250+ staff)	87	92	3	53,780
<i>Sector</i>				
Goods	410	94	20	9,232
Digital content	96	90	8	2,313

<sup>19</sup> Four extreme outliers have been removed from the data set for this question.



## 13 Repairs

13.1 This section of the report looks briefly at the issue of repairing or remedying goods or services. It looks at the number of occasions where businesses reported that this had taken place in the last 12 months and then looks at the costs of providing these repairs.

### Number of occasions where repairs undertaken

13.2 As shown earlier, half of businesses (51%) stated that there were some occasions under which they might offer to repair faulty goods / repair or remedy inadequate service and this was the most common form of redress used by services businesses. Of the businesses that sometimes undertook repairs to address faulty goods or inadequate service, a quarter (25%) had had no occasions where they had done so in the last 12 months. Across all businesses undertaking repairs, the mean number of occasions on which repairs had been undertaken in the last 12 months was 18.4 (and the median was 2). Table 13.1 shows the number of occasions of undertaking repairs by broad sector (based on all businesses not just on those offering compensation).

**Table 13.1: Number of occasions where repairs undertaken in last 12 months (based on all businesses)**

	All	All Goods	All Digital Content	All Services
<i>Base: All businesses</i>				
	%	%		%
1	9	3	3	11
2 to 4	11	8	*	12
5 to 9	5	3	*	6
10 to 19	3	3	-	3
20 to 49	3	7	-	1
50+	2	4	1	1
None (but do undertake repairs)	12	1	8	16
Mean response	7.0	9.1	1.4	6.2



13.3 Table 13.2 shows the mean number of occasions where repairs had been undertaken by sector and size (again based on all businesses rather than just those undertaking repairs).

**Table 13.2: Number of occasions when repairs undertaken in last 12 months (based on all businesses)**

Sector	Base		Proportion of businesses offering repairs	Mean volume of occasions where repairs undertaken
<b>All businesses</b>	(1,000)	%	51%	7.0
<b>All goods businesses</b>	(410)	%	31%	9.1
Sale of motor vehicles and parts	(118)	%	60%	43.9
Sale of goods in specialist stores	(82)	%	30%	5.3
Sale of goods in generalist stores	(106)	%	15%	0.4
Sale of goods outside stores	(104)	%	38%	11.2
<b>All digital content businesses</b>	(96)	%	15%	1.4
<b>All service businesses</b>	(494)	%	59%	6.2
Utilities	(66)	%	71%	6.4
Construction and repair of goods	(94)	%	83%	5.8
Accommodation and food services	(109)	%	30%	5.3
Professional services	(124)	%	61%	3.9
Personal services	(101)	%	68%	10.8
Micro businesses (1 to 9 staff)	(394)	%	50%	3.3
Small businesses (10 to 49 staff)	(262)	%	56%	11.1
Medium businesses (50 to 249 staff)	(169)	%	53%	87.1
Large businesses (250+ staff)	(175)	%	56%	383.0

13.4 Businesses undertaking repairs were asked how commonly this failed to resolve the problem. Almost three quarters of these businesses (72%) stated that repairs were always successful. This proportion was broadly similar for all 3 sectors (68% for goods businesses, 74% for digital content businesses and 73% for services businesses). Only 5% of businesses stated that repairs were unsuccessful in 20% or more of cases. The mean proportion of cases where businesses estimated that repairs did not fix or resolve the problem was only 6.3%.

13.5 When asked what they would normally do if a repair did not remedy the problem, businesses most commonly responded that they would offer a full refund (28% of businesses undertaking repairs). A fifth (22%) stated that they would attempt another repair. Other approaches taken included offering a



partial refund (8%) or offering a replacement good/service (18%) or offering compensation (3%). A small number said that they would decide on their approach on a case-by-case basis while another 6% stated that it was never the case that repairs failed to fix the problem. Attempting another repair was more common in services businesses (25%) than in either goods (11%) or digital content (1%) businesses.



## Cost of undertaking repairs

13.6 Surveyed businesses in the goods and digital content sectors which repaired faulty products and businesses in the services sector which undertook repairs to remedy inadequate service were asked to estimate the total annual cost of repairs. On average businesses spent £1,177 on repairs, increasing broadly in line with business size (Table 13.3). Businesses in the services sector spent £2,011 on average per annum on providing repairs, compared with £187 among businesses in the goods sector.

**Table 13.3: Cost of providing repairs, by size and sector**

	Businesses which offer repairs		Mean cost incurred per annum	
	Base (unweighted)	%	Base (unweighted) <sup>20</sup>	£
All businesses	1,000	51	35	1,177
<i>Size</i>				
Micro (1-9 staff)	394	50	13	439
Small (10-49 staff)	262	56	13	760
Medium (50-249 staff)	169	53	4	3,300
Large (250+ staff)	175	56	5	2,482
<i>Sector</i>				
Goods	410	31	16	187
Services	96	15	19	2,011
Digital Content	494	59	-	-

<sup>20</sup> Three extreme outliers have been removed from the data set for this question.



## 14 Appendix A: SIC codes used for sampling and weighting

14.1 When drawing sample from the Dun & Bradstreet commercial business database, specific industry sectors were targeted by Standard Industrial Classification (SIC) code on the basis that they were more likely to sell goods, services or digital content to consumers (and each participating business was screened to ensure it did so). The SIC codes used and the definition of each SIC sector are shown in the table below.

**Table 14.1: SIC codes used for sampling, by industry sector**

Sector	SIC code	SIC code definition
<i>Goods</i>		
Sale of motor vehicles and motor vehicle parts	45.1	Sale of motor vehicles
	45.3	Sale of motor vehicle parts and accessories
Sale of goods in generalist stores	47.1	Retail sale in non-specialised stores
Sale of goods in specialist stores (including food and drink)	47.2	Retail sale of food, beverages and tobacco in specialised stores
	47.4	Retail sale of information and communication equipment in specialised stores
	47.5	Retail sale of other household equipment in specialised stores
	47.6	Retail sale of cultural and recreation goods in specialised stores
	47.7	Retail sale of other goods in specialised stores
Sale of goods outside of stores	47.8	Retail sale via stalls and markets
	47.9	Retail trade not in stores, stalls or markets
<i>Digital content</i>		
Digital content (software, music and publishing)	58.1	Publishing of books, periodicals and other publishing activities
	58.2	Software publishing
	59.2	Sound recording and music publishing activities
<i>Services</i>		
Utilities	35.1	Electric power generation, transmission and distribution
	35.2	Manufacture of gas; distribution of gaseous fuels through mains
	36.0	Water collection, treatment and supply
	61.1	Wired telecommunications activities
	61.2	Wireless telecommunications activities
	61.3	Satellite telecommunications activities
Construction and repair	43.2	Electrical, plumbing and other construction installation activities
	43.3	Building completion and finishing
	43.9	Other specialised construction activities
	95.1	Repair of computers and communication equipment
	95.2	Repair of personal and household goods





Sector	SIC code	SIC code definition
	45.2	Maintenance and repair of motor vehicles
	45.4	Sale, maintenance and repair of motorcycles and related parts and accessories
<i>Services (cont'd)</i>		
Accommodation and food services	55.1	Hotels and similar accommodation
	55.2	Holiday and other short-stay accommodation
	55.3	Camping grounds, recreational vehicle parks and trailer parks
	55.9	Other accommodation
	56.1	Restaurants and mobile food service activities
	56.3	Beverage serving activities
Professional services	68.3	Real estate activities on a fee or contract basis
	69.1	Legal activities
	69.2	Accounting, bookkeeping and auditing activities; tax consultancy
	78.1	Activities of employment placement agencies
	78.2	Temporary employment agency activities
	79.1	Travel agency and tour operator activities
	79.9	Other reservation service and related activities
Personal services (beauty, hairdressing, cleaning etc.)	81.2	Cleaning activities
	96.0	Other personal service activities



# 15 Appendix B: Survey questionnaire

## S Screener

ASK TELEPHONIST

S1 **Good morning / afternoon. My name is NAME and I'm calling from IFF Research on behalf of the Government Department for Business, Innovation and Skills (BIS). Please can I speak to the person in your company with overall responsibility for customer service?**

**IF <50 EMPLOYEES ON SAMPLE: This is likely to be the owner or Managing Director.**

**IF 50-99 EMPLOYEES ON SAMPLE: This is likely to be an Operations Manager or Director, or the Finance Director.**

**IF >=100 EMPLOYEES ON SAMPLE: This is likely to be the Customer Services Director, Legal Director or Compliance Director.**

Transferred	1	CONTINUE
Hard appointment	2	MAKE APPOINTMENT
Soft Appointment	3	
Refusal	4	CLOSE
Refusal – company policy	5	
Refusal – Taken part in recent survey	6	
Nobody at site able to answer questions	7	
Not available in deadline	8	
Engaged	9	
Fax Line	10	
No reply / Answer phone	11	
Residential Number	12	
Dead line	13	
Company closed	14	



ASK ALL

S2 **Good morning / afternoon, my name is NAME, calling from IFF Research, an independent market research company. We're conducting a survey on behalf of the Government Department for Business, Innovation and Skills (BIS).**

**BIS is planning a comprehensive simplification and modernisation of consumer law. This will involve scrapping or reforming around a dozen pieces of existing legislation and introducing new, simplified primary legislation written in 'plain English'.**

**With this in mind BIS has asked us to collect detailed data about current business practices, and the likely costs and benefits for businesses of the proposed reforms. The interview should take around 20 minutes, depending on your answers. Are you available to speak now?**

**IF NECESSARY: All business to consumer contracts will be covered by this legislation, though slightly different rights and remedies will apply to the supply of goods, services and 'digital content'. Digital content is defined as "data which are supplied in digital form" and can include: software such as applications and video games; music; film and video; and books and periodicals.**

Continue	1	CONTINUE
Referred to someone else at establishment NAME_____	2	TRANSFER AND RE-INTRODUCE
JOB TITLE_____		
Hard appointment	3	MAKE APPOINTMENT
Soft appointment	4	
Refusal	5	THANK AND CLOSE
Refusal – company policy	6	
Refusal – taken part in recent survey	7	
Company does not sell to consumers	8	
Not available in deadline	9	



ASK ALL

S3 How many people work across your organisation in the UK as a whole?

**[ADD IF NECESSARY: By that I mean both full-time and part-time employees on your payroll, as well as any working proprietors or owners. Please include anyone who works for the organisation, even if they work in a different location or site to you. But do not include subcontractors or temps.]**

WRITE IN

IF DON'T KNOW EXACT NUMBER – PROMPT WITH RANGES. IF NUMBER GIVEN – CODE TO RANGES

1-9	1	CHECK QUOTAS AND CONTINUE
10 – 49	2	
50 – 99	3	
100-249	4	
250+	5	
DO NOT READ OUT: Don't know	6	THANK AND CLOSE

ASK ALL:

S4 I have [INSERT SIC DESCRIPTION FROM SAMPLE] as a description of your main business activity. Is this broadly correct?

Yes	1	CHECK QUOTAS AND GO TO S6
No	2	ASK S5
Don't know	3	



IF DESCRIPTION INCORRECT (S4=2 OR 3) ASK:

S5 **Please could you describe to me your main business activity?**

WRITE IN
----------

INTERVIEWER: CODE TO SECTOR BASED ON DESCRIPTION OF MAIN BUSINESS ACTIVITY.  
SINGLE CODE

**DP – If S4/1 – CODE TO SECTOR BELOW BASED ON SAMPLE**

Goods	Sale of motor vehicles and motor vehicle parts	1	CHECK QUOTAS AND GO TO S5
	Sale of goods in specialist stores (i.e. a store that only sells specific goods, e.g. food and drink, or household appliances)	2	
	Sale of goods in generalist stores (i.e. a store that does not focus on selling a particular type of good)	3	
	Sale of goods outside of stores (e.g. at a stall or market)	4	
Digital content	Supply of digital content Digital content is defined as “data which are supplied in digital form” and can include: software such as applications and video games; music; film and video; and e-books and e-periodicals.	5	
Services	Utilities (e.g. telecommunications, supply of water, or electricity distribution)	6	
	Construction and repair of goods	7	
	Accommodation and food services	8	
	Professional services (e.g. real estate, legal services or temporary employment agency)	9	
	Personal services (e.g. beauty, hairdressing, cleaning)	10	
None of these		11	



ASK ALL

S6 **And does your business sell products and/ or services...?**

READ OUT. CODE ONE ONLY

Only to members of the public	1	CONTINUE
Both to members of the public and to other businesses	2	CONTINUE
Only to other businesses	3	THANK & CLOSE
Don't know	4	

IF DIGITAL CONTENT QUOTA OR GOODS AND 250+ EMPLOYEES (DQUOT=1 & SIZEQUOT=4),  
ASK

S7 **And does your business sell any products in digital form, i.e. products which are supplied on disk, or delivered via download or streaming to the customer?**

Yes	1	CONTINUE
No	2	THANK AND CLOSE
Don't know	3	THANK AND CLOSE



ASK ALL

S8 **And does your business sell products or services...?**

READ OUT. CODE ALL THAT APPLY

ASK IF SELL VIA MORE THAN ONE CHANNEL AT S8:

S9 **And through which ONE of these channels does your business sell the majority of its products or services, by value of sales?**

READ OUT. SINGLE CODE

	S8 ALL CHANNELS	S9 MAIN CHANNEL
Via a retail store or showroom	1	1
Via a stall, such as in a market	2	2
Over the internet	3	3
By mail order	4	4
Via digital TV	5	5
By phone	6	6
By fax	7	7
None of these	8	8
DO NOT READ OUT: Don't know	9	9



# A Profile Section

I would now like to confirm a few details about your organisation. This information will be used for analysis purposes only – neither you nor your organisation will be identified in the results.

ASK ALL

A1 How many sites does your organisation have in the UK?

WRITE IN
----------

ASK IF MORE THAN ONE SITE A1 RANGE/2 TO 7

A2 And how many of your sites are involved in selling [FROM QUOTA: goods / services / digital content] to members of the public?

WRITE IN
----------

IF DON'T KNOW EXACT NUMBER – PROMPT WITH RANGES. IF NUMBER GIVEN – CODE TO RANGES

	A1	A2	
1	1	1	
2 – 4	2	2	
5 – 9	3	3	
10 – 24	4	4	
25 – 49	5	5	
50 - 99	6	6	
100 +	7	7	
DO NOT READ OUT: Don't know	8	8	





IF FEWER THAN 100 EMPLOYEES S3 RANGE = 1 TO 3

A3 **Thinking just about the staff involved in supplying products or services to members of the public, approximately how many [A: Senior Managers / B: Middle Managers / C: Frontline staff] are employed by your organisation?**

INTERVIEWER NOTE: Does not have to sum to total number of staff, staff may be employed in other roles.

A: Senior Managers	WRITE IN
B: Middle Managers	WRITE IN
C: Frontline staff	WRITE IN

IF DON'T KNOW EXACT NUMBER – PROMPT WITH RANGES. IF NUMBER GIVEN – CODE TO RANGES

	A: Senior Managers	B: Middle Managers	C: Frontline staff
1 – 4	1	1	1
5 – 9	2	2	2
10 – 14	3	3	3
15 – 19	4	4	4
20 – 24	5	5	5
25 – 29	6	6	6
30 – 34	7	7	7
35 – 39	8	8	8
40 – 44	9	9	9
45 – 49	10	10	10
50 or more	11	11	11
None	12	12	12
DO NOT READ OUT: Don't Know	13	13	13



IF MORE THAN 100 EMPLOYEES S3 RANGE = 4 TO 5

A4 **Thinking just about the staff involved in supplying products or services to members of the public, approximately what percentage of staff at your organisation are [IF HAVE SENIOR MANAGERS - A: Senior Managers / IF HAVE MIDDLE MANAGERS - B: Middle Managers / IF HAVE FRONTLINE STAFF - C: Frontline staff]?**

INTERVIEWER NOTE: Does not have to sum to 100%, staff may be employed in other roles.

A: Senior Managers	WRITE IN
B: Middle Managers	WRITE IN
C: Frontline staff	WRITE IN

IF DON'T KNOW EXACT NUMBER – PROMPT WITH RANGES. IF NUMBER GIVEN – CODE TO RANGES

	A: Senior Managers	B: Middle Managers	C: Frontline staff
0%	1	1	1
1 – 9%	2	2	2
10 – 19%	3	3	3
20 – 29%	4	4	4
30 – 39%	5	5	5
40 – 49%	6	6	6
50 – 59%	7	7	7
60 – 69%	8	8	8
70 – 79%	9	9	9
80 – 89%	10	10	10
90 – 99%	11	11	11
100%	12	12	12
DO NOT READ OUT: Don't know	13	13	13



ASK ALL

A5 **What was your business's UK turnover in the most recent accounting year?**

INTERVIEWER NOTE: IF TRADING FOR LESS THAN A YEAR OR FIGURES FOR THIS YEAR NOT AVAILABLE YET CODE DK

WRITE IN (GBP)
----------------

IF DON'T KNOW EXACT NUMBER – PROMPT WITH RANGES

Less than £50,000	1	
£50,000 – £99,999	2	
£100,000 – £249,999	3	
£250,000 – £499,999	4	
£500,000 – £999,999	5	
£1m - £4,999,999	6	
£5m - £9,999,999	7	
£10m - £14,999,999	8	
£15m - £19,999,999	9	
£20m - £29,999,999	10	
£30m - £39,999,999	11	
£40m - £49,999,999	12	
£50m or more	13	
DO NOT READ OUT: Trading for less than a year	14	
DO NOT READ OUT: Figures for this year not available yet.	15	
DO NOT READ OUT: Don't know	16	
DO NOT READ OUT: Refused	17	



IF SELL TO BOTH BUSINESSES AND CONSUMERS (S6=2)

A6 **Approximately what proportion of your UK turnover is derived from sales to members of the public as opposed to other businesses?**

WRITE IN (%)
--------------

IF DON'T KNOW EXACT NUMBER – PROMPT WITH RANGES. IF NUMBER GIVEN – CODE TO RANGES

0%	1	
1 – 9%	2	
10 – 19%	3	
20 – 29%	4	
30 – 39%	5	
40 – 49%	6	
50 – 59%	7	
60 – 69%	8	
70 – 79%	9	
80 – 89%	10	
90 – 99%	11	
100%	12	
DO NOT READ OUT: Don't know	13	



ASK ALL

A7 **We'd like to get an idea of the number of [IF GOODS OR DC: transactions with members of the public that you have; IF SERVICES: numbers of members of the public that you provide services to]. Would it be easier to give me a figure per day, week, month or year?**

**So on average how many [IF GOODS OR DC: transactions; IF SERVICES: customers] do you handle per [TIME PERIOD]?**

DAY	1	
WEEK	2	
MONTH	3	
YEAR	4	

WRITE IN NUMBER

IF DON'T KNOW EXACT NUMBER – PROMPT WITH RANGES. IF NUMBER GIVEN – CODE TO RANGES

9 or fewer	1	
10 – 49	2	
50 – 99	3	
100 – 249	4	
250 – 499	5	
500 – 999	6	
1,000 – 4999	7	
5,000 - 9,999	8	
10,000 or more	9	
DO NOT READ OUT: Don't know	10	



# B Implementation

READ OUT:

**For the remainder of this interview I would like you to think about the business your company does with members of the public rather than with other businesses.**

**In this section I am going to ask you some general questions about terms and conditions relating to consumer rights.**

ASK ALL

**B1 Does your organisation have pre-drafted standard terms and conditions for [IF GOODS: sales to] [IF DIGITAL CONTENT: supply to] [IF SERVICES: contracts with] consumers?**

Yes	1	
No	2	
DO NOT READ OUT: Don't know	3	

IF HAVE STANDARD T&CS (B1=1)

**B2 On the basis of your recent experience, how often would you say your terms and conditions are reviewed?**

READ OUT. SINGLE CODE.

INTERVIEWER NOTE: THIS REFERS TO HOW OFTEN THE T&Cs ARE REVIEWED RATHER THAN CHANGED. CHANGES WILL BE COVERED NEXT.



B2a **And how often are your terms and conditions changed?**  
 READ OUT. SINGLE CODE.

DP NOTE: B2a MUST BE EQUAL TO OR HIGHER THAN B2.

	B2	B2a
At least monthly	1	1
Every 2-3 months	2	2
Every 4-6 months	3	3
Every 7-12 months	4	4
Between every year and every 2 years	5	5
Less often	6	6
Other (WRITE IN)	7	7
Never	8	8
Don't know	9	9



## C Staff knowledge and training

Now a few questions on existing staff knowledge and training on consumer rights issues.

ASK ALL

C1 How easy would you say it is to understand existing consumer rights?

READ OUT. SINGLE CODE.

Very easy	1	
Fairly easy	2	
Not very easy	3	
Not at all easy	4	
DO NOT READ OUT: Don't know	5	

ASK ALL (BUT NOT SOLE TRADERS S3 NUMERIC=1)

C2 How well would you say [IF HAVE SENIOR MANAGERS - A: Senior Managers / IF HAVE MIDDLE MANAGERS - B: Middle Managers / IF HAVE FRONTLINE STAFF - C: Frontline staff] understand existing consumer rights?

READ OUT. SINGLE CODE.

	Very well	Fairly well	Not very well	Not at all well	D.N.R.O.: Don't know
A: Senior Managers	1	2	3	4	5
B: Middle Managers	1	2	3	4	5
C: Frontline staff	1	2	3	4	5





C3 In the last 12 months how many [IF HAVE SENIOR MANAGERS - A: Senior Managers / IF HAVE MIDDLE MANAGERS - B: Middle Managers / IF HAVE FRONTLINE STAFF - C: Frontline staff] have been trained on consumer rights legislation?

WRITE IN

IF DON'T KNOW EXACT NUMBER – PROMPT WITH RANGES. IF NUMBER GIVEN – CODE TO RANGES

	A: Senior Managers	B: Middle Managers	C: Frontline staff
0	1	1	1
1 – 4	2	2	2
5 – 9	3	3	3
10 – 19	4	4	4
20 – 49	5	5	5
50 – 99	6	6	6
100 – 249	7	7	7
250 – 499	8	8	8
500 – 999	9	9	9
1,000 +	10	10	10
DO NOT READ OUT: Don't know	11	11	11



ASK ALL WHO HAVE PROVIDED TRAINING ON CONSUMER RIGHTS LEGISLATION (C3A = 2 TO 10; C3B = 2 TO 10; C3C = 2 TO 10)

C4 **And has this training for [A: Senior Managers / B: Middle Managers / C: Frontline staff] been delivered using...?**

	A: Senior Managers	B: Middle Managers	C: Frontline staff
Face-to-face sessions run by in-house staff	1	1	1
Face-to-face sessions run by external providers	2	2	2
Online material (e.g. intranet, emails)	3	3	3
Printed material (e.g. letters to staff, newsletters or signs)	4	4	4
Other approaches (write in)	5	5	5
Don't know	6	6	6



ASK ALL WHO HAVE PROVIDED FACE-TO-FACE TRAINING ON CONSUMER RIGHTS LEGISLATION (C4A = 1 OR 2 C4B = 1 OR 2; C4C = 1 OR 2)

C5 **In the last 12 months how many face-to-face training sessions have been given to [A: Senior Managers / B: Middle Managers / C: Frontline staff] on consumer rights legislation?**

WRITE IN

IF DON'T KNOW EXACT NUMBER – PROMPT WITH RANGES. IF NUMBER GIVEN – CODE TO RANGES

	A: Senior Managers	B: Middle Managers	C: Frontline staff
0	1	1	1
1 – 4	2	2	2
5 – 9	3	3	3
10 – 19	4	4	4
20 – 49	5	5	5
50 – 99	6	6	6
100 – 249	7	7	7
250 – 499	8	8	8
500 – 999	9	9	9
1,000 +	10	10	10
DO NOT READ OUT: Don't know	1	11	11

ASK ALL WHO HAVE PROVIDED TRAINING SESSIONS (C5A = 2 TO 10; C5B = 2 TO 10; C5C = 2 TO 10)

C6 **Do these face-to-face sessions for [A: Senior Managers / B: Middle Managers / C: Frontline staff] tend to be...?**

READ OUT. SINGLE CODE.

Dedicated to consumer rights legislation	1	
Or do they tend to cover a broader range of topics	2	
DO NOT READ OUT: Don't know	3	



ASK ALL WHO HAVE PROVIDED TRAINING SESSIONS (C5A = 2 TO 10; C5B = 2 TO 10; C5C = 2 TO 10)

C7 **Do individual [A: Senior Managers / B: Middle Managers / C: Frontline staff] tend to attend these sessions...?**

READ OUT. SINGLE CODE.

Once when they join	1	
On a regular basis throughout their time working for you	2	
On an ad hoc basis or as and when needed	3	
DO NOT READ OUT: Don't know	4	

IF DELIVERED REGULARLY (C7/2)

C8 **How often do these regular sessions take place?**

READ OUT. SINGLE CODE.

At least monthly	1	
Every 2-3 months	2	
Every 4-6 months	3	
Every 7-12 months	4	
Between every year and every 2 years	5	
Less often	6	
Other (WRITE IN)	7	
Don't know	9	



## D Legal

In the next section I am going to ask you about the legal costs of complying with consumer rights legislation.

ASK ALL

- D1 How many full-time staff, if any, does your business employ to deal with legal compliance with consumer rights? Please include staff for whom dealing with legal compliance only forms part of their role. Please do not include external contractors.

WRITE IN
----------

IF DON'T KNOW EXACT NUMBER – PROMPT WITH RANGES. IF NUMBER GIVEN – CODE TO RANGES

1	1	
2 – 4	2	
5 – 9	3	
10 – 24	4	
25 – 49	5	
50 +	6	
None	7	
DO NOT READ OUT: Don't know	8	



ALL THOSE WHO EMPLOY STAFF TO DEAL SPECIFICALLY WITH COMPLYING WITH CONSUMER RIGHTS LEGISLATION (D1 RANGE 1 TO 6)

D2 **On average, how many days in total do these staff spend per month on dealing with complying with consumer rights? This does not include any time spent by external contractors.**

WRITE IN

IF DON'T KNOW EXACT NUMBER – PROMPT WITH RANGES. IF NUMBER GIVEN – CODE TO RANGES

None	1	
Less than half a day	2	
Half a day to a day	3	
1 – 2 days	6	
3 – 4 days	7	
5 – 9 days	8	
10 – 20 days	9	
More than 20 days	10	
DO NOT READ OUT: Don't know	11	

ASK ALL

D3 **Does your company ever use the services of private law firms to provide advice on complying with consumer rights?**

READ OUT. SINGLE CODE.

Yes	1	
No	2	
DO NOT READ OUT: Don't know	3	



D4 **How many times in the last 12 months has your company sought the advice of private law firms on consumer rights issues?**

WRITE IN
----------

IF DON'T KNOW EXACT NUMBER – PROMPT WITH RANGES. IF NUMBER GIVEN – CODE TO RANGES

1	1	
2 – 4	2	
5 – 9	3	
10 – 24	4	
25 – 49	5	
50 – 99	6	
100 +	7	
None	8	
DO NOT READ OUT: Don't know	9	

ALL THOSE WHO SEEK EXTERNAL LEGAL ADVICE (D3 = 1)

D5 **Have you received advice relating to consumer rights issues from law firms on any of the following....?**

READ OUT. MULTICODE.

INTERVIEWER NOTE: THIS REFERS TO ADVICE ON COMPLYING WITH CONSUMER RIGHTS ONLY – NOT OTHER LEGAL MATTERS SUCH AS EMPLOYMENT ISSUES ETC.

Drafting your terms and conditions	1	
Handling complaints about whether products or services were fit for purpose or as described	2	
Complaints about delivery of the products or services	3	
Complaints about other terms of the contract	4	
Other issues (WRITE IN)	5	
DO NOT READ OUT: Don't know	6	



ASK ALL

- D6 **And aside from law firms, has your company ever used the services of any other organisation – such as trade bodies - to provide advice on complying with consumer rights?**  
READ OUT. SINGLE CODE.

Yes	1	
No	2	
DO NOT READ OUT: Don't know	3	

IF USED SERVICES OF OTHER ORGANISATIONS (D6=1)

- D7 **How many times in the last 12 months has your company sought advice from other organisations on consumer rights issues?**

WRITE IN
----------

IF DON'T KNOW EXACT NUMBER – PROMPT WITH RANGES. IF NUMBER GIVEN – CODE TO RANGES

1	1	
2 – 4	2	
5 – 9	3	
10 – 24	4	
25 – 49	5	
50 – 99	6	
100 +	7	
None	8	
DO NOT READ OUT: Don't know	9	





IF USED SERVICES OF OTHER ORGANISATIONS (D6=1)  
D8 **And did you have to pay for any of this advice?**  
READ OUT. SINGLE CODE.

Yes	1	
No	2	
DO NOT READ OUT: Don't know	3	



## E Handling complaints about faults

I'd now like to discuss your policies and practices with regard to offering refunds, [GOODS AND DC: replacements] [GOODS AND SERVICES: and repairs]...

ASK ALL

### E1 If a customer considers that:

IF GOODS AND DC: a product that they have purchased from you is faulty or does not meet its description,

IF SERVICES: a service they have purchased from you has not been delivered with reasonable care and skill

Do you ever do any of the following things?

IF NECESSARY: We are not talking about cases where a consumer simply changes their mind here, just about occasions where the consumer feels there is a fault with the product or service.

READ OUT. MULTICODE.

IF MORE THAN ONE OUTCOME GIVEN AT E1

### E2 And which one of these would be the most common outcome when a consumer considers

IF GOODS AND DC: a product to be faulty / different from its description.

IF SERVICES: a service not to have been delivered with reasonable care and skill

READ OUT. SINGLE CODE.

	E1	E2	
GOODS AND DC ONLY: <b>Offer to replace the product with another identical or similar one</b>	1	1	
<b>Offer a full refund</b> IF NECESSARY: By full refund we mean a refund <u>equal to</u> the value of the original sale price of the product or the original agreed price for the service	2	2	
<b>Offer a partial refund</b> IF NECESSARY: By partial refund we mean a refund equivalent to <u>less than</u> the value of the original sale price of the product or the original agreed price for the service	3	3	
<b>Offer compensation</b> IF NECESSARY: Where the consumer gets to keep the product or service and you offer them some form of additional recompense – financial or otherwise	4	4	
Offer to [GOODS AND DC: repair faulty products SERVICES: undertake repairs to remedy inadequate service]	5	5	
Don't know	6	6	



## REFUNDS

ASK ALL GOODS AND DC WHO OFFER FULL REFUNDS (E1=2)

E3 **Can I start by asking you for a bit more detail about refunds?**

**If a product is faulty or not as the description given to a customer, some companies will always provide a refund within a certain period but then after this there is more discretion over how the issue is resolved. Does your company specify a time period within which a full refund will always be given on faulty products?**

ADD IF NECESSARY: **This is sometimes referred to as a short-term right to reject.**

Yes	1	
No	2	
Don't know	3	

IF OFFER SHORT TERM RIGHT TO REJECT (E3=1)

E4 **Does the length of time vary according to the type of product that the customer feels is faulty or is it the same for all the products you sell?**

Varies	1	
Same for all products we sell	2	
Don't know	3	

IF OFFER SHORT TERM RIGHT TO REJECT (E3=1)

E5 **What factors determine how you decided on the appropriate time period for guaranteeing a full refund on the return of faulty products?**

ADD IF NECESSARY: **i.e. how long the short-term right to reject lasts.**

READ OUT. MULTICODE.

IF GOODS: Whether or not the product is perishable (e.g. food and drink)	1	
IF GOODS: Whether or not there are hygiene considerations (e.g. earrings or underwear)	2	
IF GOODS: The condition of a product at the point of the request for a refund	3	
Whether the item can be copied (e.g. CD)	4	
If the item is for short-term use only	5	
The value of the item (e.g. longer time period for higher value items)	6	
Other (write in)	7	
Don't know	8	



IF OFFER SHORT TERM RIGHT TO REJECT (E3=1)

E6 **What is the time period within which customers are guaranteed a full refund for faulty products [IF VARIES E4=1: for the products that you sell most of]?**

ADD IF NECESSARY: **How long does the right to reject last?**

DAYS	1	
WEEKS	2	
MONTHS	3	

WRITE IN NUMBER

ASK ALL GOODS AND DC WHO OFFER FULL REFUNDS (E1=2)

E7 **What is the maximum length of time after which you can recall still having given customers a full refund for faulty products or products that customers felt didn't match their description?**

DAYS	1	
WEEKS	2	
MONTHS	3	

WRITE IN NUMBER



ASK ALL GOODS AND DC

E8 **In the last 12 months approximately how many instances of disagreements with customers about whether or not they were entitled to a full refund for products that they felt were faulty or not as described can you recall?**

READ OUT.

WRITE IN:
-----------

IF DON'T KNOW EXACT NUMBER – PROMPT WITH RANGES. IF NUMBER GIVEN – CODE TO RANGES

1	1	
2 – 4	2	
5 – 9	3	
10 – 19	4	
20 – 49	5	
50 – 99	6	
100 – 249	7	
250 – 499	8	
500 – 999	9	
1,000 +	10	
None	11	
DO NOT READ OUT: Don't know	12	



ASK ALL GOODS AND DC

E9 **How well would you say your customers generally understand if and when they are entitled to full refunds for products that are faulty or not as described?**

READ OUT. SINGLE CODE.

Very well	1	
Fairly well	2	
Not very well	3	
Not at all well	4	
DO NOT READ OUT: Don't know	5	

IF COMPANY OFFERS FULL REFUNDS (E1=2)

E10 **I'd like to find out approximately how many full refunds your company gives. Would you be most likely to be able to tell me how many it gives each week, each month or each year? In that case, approximately how many full refunds does your company give each [SELECTED TIME PERIOD]?**

IF COMPANY OFFERS PARTIAL REFUNDS (E1=3)

E11 **I'd like to find out approximately how many partial refunds your company gives. Would you be most likely to be able to tell me how many it gives each week, each month or each year? In that case, approximately how many partial refunds does your company give each [SELECTED TIME PERIOD]?**

	FULL REFUNDS	PARTIAL REFUNDS	
WEEKS	1	1	
MONTHS	2	2	
YEAR	3	3	

WRITE IN NUMBER: FULL REFUNDS:
WRITE IN NUMBER: PARTIAL REFUNDS:



IF DON'T KNOW EXACT NUMBER – PROMPT WITH RANGES. IF NUMBER GIVEN – CODE TO RANGES

	FULL REFUNDS	PARTIAL REFUNDS
IF SELECTED YEAR ONLY: Less than 1	1	1
1	2	2
2 – 4	3	3
5 – 9	4	4
10 – 19	5	5
20 – 49	6	6
50 – 99	7	7
100 – 249	8	8
250 – 499	9	9
500 – 999	10	10
1,000 +	11	11
None	12	12
DO NOT READ OUT: Don't know	13	13



IF COMPANY OFFERS PARTIAL REFUNDS (E1=3)

E12 **Which factors do you take into consideration when determining the value of a partial refund? I am going to read out a list of potential factors – please tell me which apply.**

IF MORE THAN TWO FACTORS MENTIONED AT E12

E13 **And which of these would you say are the two most important factors in determining the level of refund?**

	E12	E13	
Original price of products or service	1	1	
Time passed since sale	2	3	
Condition of the goods	3	3	GOODS ONLY
Original quality of the goods	4	4	GOODS ONLY
Resale value of the goods	5	5	GOODS ONLY
Extent to which service was inadequate	6	6	SERVICES ONLY
Customer's behaviour	7	7	
Existing relationship with the customer	8	8	
Are there any other factors? (WRITE IN)	9	9	
Don't know	10	10	

IF COMPANY OFFERS PARTIAL REFUNDS (E1=3)

E14 **Could you please briefly outline your company's policy for determining the value of a partial refund?**

WRITE IN
----------

Don't have a policy	1	
Don't know	2	
Refused	3	





## COMPENSATION

IF COMPANY OFFERS COMPENSATION (E1=4)

- E15 You mentioned earlier that sometimes when customers believe [IF GOODS OR DC; a product to be faulty or not matching its description; IF SERVICES: your service has not been delivered with reasonable care and skill], then you offer compensation where customers keep the [IF GOODS OR DC: product; IF SERVICES: service] but you also give them some form of other recompense – financial or in kind.

I'd like to find out approximately how often this happens. Would it be easier to tell me how often you provide compensation each week, each month or each year?

In that case, approximately how many times does your company give compensation to customers each [SELECTED TIME PERIOD]?

WEEK	1	
MONTH	2	
YEAR	3	

WRITE IN NUMBER

IF DON'T KNOW EXACT NUMBER – PROMPT WITH RANGES. IF NUMBER GIVEN – CODE TO RANGES

1	1	
2 – 4	2	
5 – 9	3	
10 – 19	4	
20 – 49	5	
50 – 99	6	
100 – 249	7	
250 – 499	8	
500 – 999	9	
1,000 +	10	
None	11	
DO NOT READ OUT: Don't know	12	



IF COMPANY OFFERS COMPENSATION (E1=4)

E16 **Could you please briefly outline your company's policy for determining the value of compensation provided?**

WRITE IN
----------

Don't have a policy	1	
Don't know	2	
Refused	3	



## REPLACEMENTS

IF COMPANY OFFERS REPLACEMENTS (E1=1)

- E17 **You said that sometimes when customers believe a product to be faulty or not matching its description, you might give them a replacement item instead of a refund. I'd like to know approximately how often this happens – just in relation to faulty products.**

**Would it be easiest to tell me how many replacements your company gives each week, each month or each year?**

**In that case, approximately how many replacement items does your company give each [SELECTED TIME PERIOD]?**

WEEKS	1	
MONTHS	2	
YEAR	3	

WRITE IN NUMBER
-----------------

IF DON'T KNOW EXACT NUMBER – PROMPT WITH RANGES. IF NUMBER GIVEN – CODE TO RANGES

IF SELECTED YEAR ONLY: Less than 1	1	
1	2	
2 – 4	3	
5 – 9	4	
10 – 19	5	
20 – 49	6	
50 – 99	7	
100 – 249	8	
250 – 499	9	
500 – 999	10	
1,000 +	11	
None	12	
DO NOT READ OUT: Don't know	13	



## REPAIRS

ASK ALL OFFERING REPAIRS (E1=5)

E18 I'd like to find out approximately how often you [GOODS AND DC: organise repairs for products that customers feel are faulty] [SERVICES: undertake work to remedy services that consumers feel were not delivered with reasonable care and skill].

Would it be easiest to tell me how many times this happens each week, each month or each year?

In that case, approximately how many times does your company [GOODS: organise repairs for faulty goods] [DIGITAL CONTENT: organise fixes to patch digital content] [SERVICES: undertake work to remedy services that customers feel were not delivered with reasonable care and skill] each [SELECTED TIME PERIOD]?

WEEK	1	
MONTH	2	
YEAR	3	

WRITE IN NUMBER

IF DON'T KNOW EXACT NUMBER – PROMPT WITH RANGES. IF NUMBER GIVEN – CODE TO RANGES

1	13	
2 – 4	14	
5 – 9	15	
10 – 19	16	
20 – 49	17	
50 – 99	18	
100 – 249	19	
250 – 499	20	
500 – 999	21	
1,000 +	22	
Never	23	
DO NOT READ OUT: Don't know	24	



ASK ALL OFFERING REPAIRS (E1=5)

E19 **When you [GOODS AND DC: organise repairs for products that customers feel are faulty] [SERVICES: undertake work to remedy services that consumers feel were not delivered with reasonable care and skill], in roughly what percentage of cases does this fail to solve the problem?**

WRITE IN

IF DON'T KNOW EXACT NUMBER – PROMPT WITH RANGES. IF NUMBER GIVEN – CODE TO RANGES

0%	1	
1 – 9%	2	
10 – 19%	3	
20 – 29%	4	
30 – 39%	5	
40 – 49%	6	
50 – 59%	7	
60 – 69%	8	
70 – 79%	9	
80 – 89%	10	
90 – 99%	11	
100%	12	
DO NOT READ OUT: Don't know	13	



ASK ALL OFFERING REPAIRS (E1=5)

E20 **If the repair work does not remedy the problem, what would you normally do?**

DO NOT READ OUT. MULTI-CODE

Offer a full refund	1	
Offer a partial refund	2	
Offer a replacement product or service	3	
Attempt another repair	4	
Other (write in)	5	
Don't know	6	



## F Complaints handling

**My last few questions focus on how your organisation resolves complaints from consumers.**

ASK ALL (BUT NOT SOLE TRADERS S3 NUMERIC= 1)

- F1 **Does your organisation have a dedicated department for dealing with customer complaints, such as a customer services department?**

DO NOT READ OUT. SINGLE CODE.

Yes	1	
No	2	
DO NOT READ OUT: Don't know	3	

IF NO DEDICATED COMPLAINTS DEPARTMENT (F1=2 OR 3), ASK

- F2 **In that case, which of the following types of staff is primarily responsible for dealing with customer complaints at your organisation?**

READ OUT. SINGLE CODE.

IF HAVE SENIOR MANAGERS: Senior management	1	
IF HAVE MIDDLE MANAGERS: Middle management	2	
IF HAVE FRONTLINE STAFF: Front line staff	3	
DO NOT READ OUT: Don't know	4	



ASK ALL

F3 **What proportion of complaints from customers would you estimate are resolved simply by providing explanations or advice rather than more formal actions such as refunds, replacements or repairs?**

WRITE IN PERCENTAGE

IF DON'T KNOW EXACT NUMBER – PROMPT WITH RANGES. IF NUMBER GIVEN – CODE TO RANGES

0%	1	
1 – 9%	2	
10 – 19%	3	
20 – 29%	4	
30 – 39%	5	
40 – 49%	6	
50 – 59%	7	
60 – 69%	8	
70 – 79%	9	
80 – 89%	10	
90 – 99%	11	
100%	12	
DO NOT READ OUT: Don't know	13	





ASK ALL

F4 Taking into account complaints or issues that are resolved through explanation or advice as well as more serious issues, approximately how many unsatisfied customers does your company handle?

Would it be easier to give me an estimate per week, per month or per year?

In that case, approximately how many unsatisfied customers does your company deal with each [SELECTED TIME PERIOD]?

WEEKS	1	
MONTHS	2	
YEAR	3	

WRITE IN NUMBER
-----------------

IF DON'T KNOW EXACT NUMBER – PROMPT WITH RANGES. IF NUMBER GIVEN – CODE TO RANGES

1 – 9	1	
10 – 24	2	
25 – 49	3	
50 – 99	4	
100 – 249	5	
250 – 499	6	
500 – 999	7	
1,000 – 4,999	8	
5,000 – 9,999	9	
10,000 +	10	
None	11	
DO NOT READ OUT: Don't know / not applicable	12	



IF HAVE EXPERIENCED UNSATISFIED CUSTOMERS (F4 = 1 TO 10)

F5 I am now going to read out a list of issues that might lead to unsatisfied customers. Which of the following issues has your company had to deal with in the last 12 months?

READ OUT. MULTICODE.

Faulty products or services	1	
Late delivery of products or services	2	
Disagreement about whether products or services match the description given	3	
Incorrect invoicing	4	
Unfair terms and conditions	5	
Other issues (write in)	6	
DO NOT READ: Don't know	7	



IF HAVE EXPERIENCED UNSATISFIED CUSTOMERS (F4 = 1 TO 10)

F6 **In the last 12 months, approximately how many of the issues raised by unsatisfied customers have led to legal proceedings?**

WRITE IN
----------

IF DON'T KNOW EXACT NUMBER – PROMPT WITH RANGES

1	1	
2 – 4	2	
5 – 9	3	
10 – 19	4	
20 – 49	5	
50 – 99	6	
100 – 249	7	
250 – 499	8	
500 – 999	9	
1,000 +	10	
None	11	
DO NOT READ OUT: Don't know	12	



IF HAVE EXPERIENCED LEGAL PROCEEDINGS (F6 = 1 TO 10)

F7 **Which of the following types of issues have led to legal proceedings within the last 12 months?**

READ OUT CODES GIVEN AT F5. MULTICODE.

Faulty products or services	1	
Late delivery of products or services	2	
Disagreement about whether products or services match the description given	3	
Incorrect invoicing	4	
Alleged unfair terms and conditions	5	
Other issues (write in)	6	
DO NOT READ: Don't know	7	



## G Follow-up

### CHECK FOLLOW-UP QUOTA

		Size				Total
		=1	=2	=3	=4	
	Sector	Micro	Small	Medium	Large	
=1	Goods	20	20	20	20	80
=2	Digital Content	20	20	0	0	40
=3	Services	20	20	20	20	80
	Total	60	60	40	40	200

IF IN QUOTA ASK G1; IF NOT IN QUOTA ASK G1a

**G1 Thank you for your help; that concludes the interview. If possible we'd also like to collect some information from you about the costs incurred by your business in complying with consumer rights obligations. This would involve:**

- **IFF emailing you a form in Excel format to be populated with information about the costs associated with consumer rights that [COMPANY] incurs in terms of the areas we've discussed in the interview today – namely implementation, staff knowledge and training, legal matters, refunds, replacements and repairs and disputes.**
- **And would be followed by a further interview with you to discuss this information. This would take place either over the phone or face to face before the end of week commencing 5<sup>th</sup> November.**

**As a thank you, we would make a £50 charitable donation to a charity of your choice. Alternatively, we could send you a £50 cheque.**

**Does this sound like something you would be interested in taking part in?**

Yes	1	ASK G2
No	2	THANK AND CLOSE

**G1a Thank you for your help; that concludes the interview. BIS may be carrying out some further research into this area in the near future. Would you be willing to help with this research?**

Yes	1	ASK G2
No	2	THANK AND CLOSE



IF G1=1

G1b **And would you prefer to receive the money, or have the payment made to a charity of your choice?**

INTERVIEWER - PLEASE READ NAME OF CHARITY BACK TO RESPONDENT, TO ENSURE IT HAS BEEN CORRECTLY RECORDED.

Receive the money	1	
RECORD NAME OF CHARITY	2	

IF G1=1 OR G1a=1

G2 IF G1=1: **Thank you for your help. We will email you the Excel file and a letter explaining the research process and background in more detail.**

IF G1=1 OR G1a=1: **Could I please confirm your name, the best telephone number to reach you on and your email address?**

RECORD NAME
RECORD EMAIL ADDRESS
RECORD EMAIL ADDRESS
RECORD TELEPHONE NUMBER

If G1=1: **INTERVIEWER: PRESS SEND**

If G1=1: **That email has been sent to you. If you have any questions, please feel free to get in touch with the IFF project team whose details can be found in the letter we've just sent via email.**

If 'Don't have email address': **The next stage of the research involves filling out a cost sheet, which has to be sent by email. As you do not have a usable email address, unfortunately you will not be able to take part. But thank you very much for your interest.**

**READ OUT TO ALL RESPONDENTS.**

**THANK AND CLOSE.**

<p>Finally I would just like to confirm that this survey has been carried out under IFF instructions and within the rules of the MRS Code of Conduct. Thank you very much for your help today.</p>
--



# 16 Appendix C: Cost data collection form (goods and digital content businesses)

16.1 Shown below is the cost data collection form completed by businesses in the goods and digital content sector.



## A Updating Terms and Conditions

A1 Could you please estimate the total annual cost to your company of **reviewing and/ or updating your terms and conditions**?

	Number of staff currently employed on a full time basis that are directly involved in reviewing and/ or updating your terms and conditions	Average number of days per month directly involved in reviewing and/ or updating your terms and conditions <u>for each of these staff</u>	Average annual salary across staff at this level	Estimated financial cost of reviewing and/or updating your terms and conditions
Senior managers				£0.00
Middle managers				£0.00
Frontline staff				£0.00
Additional external costs per month	External legal adviser			
	Other (please specify below)			
<b>Total estimated financial cost of reviewing and/ or updating your terms and conditions per</b>				<b>£0.00</b>

A2 Each time you change or update your terms and conditions, how much do you spend on developing new versions of each of the following items?  
**If there are any of these items that you don't use to convey your T&Cs, then please leave the row blank.**  
**Please do not include printing costs associated with re-stocking items due to general use or damage, or any changes made to items (other than to the terms and conditions) such as re-branding.**  
 Please answer in column 'a' or 'b' depending on what is easier (you don't need to put figures in both columns)

	a)	b)
	Average spend per site	Total amount spent across the company
In store posters		
In store counter-top signage		
Consumer contracts		
Invoices		
Receipts		
Leaflets, brochures and other promotional material		
Other items		
<b>Total</b>	<b>£ -</b>	<b>£ -</b>

A3 Excluding instances where you change or update your terms and conditions, how much do you spend per annum on developing new versions of each of the following items?  
**This will include printing costs associated with re-stocking items due to general use or damage, or any changes made to items (other than to the terms and conditions) such as re-branding.**  
**If there are any of these items that you don't use to convey your T&Cs, then please leave the row blank.**  
 Please answer in column 'a' or 'b' depending on what is easier (you don't need to put figures in both columns)

	a)	b)
	Average spend per site	Total amount spent across the company
In store posters		
In store counter-top signage		
Consumer contracts		
Invoices		
Receipts		
Leaflets, brochures and other promotional material		
Other items		
<b>Total</b>	<b>£ -</b>	<b>£ -</b>

**B Staff knowledge and training**

**B1** Could you please estimate the total annual cost to your company of designing and developing training sessions about consumer rights legislation?

	Number of staff currently employed on a full time basis that are directly involved in designing and developing training sessions about consumer rights legislation	Average number of days per month directly involved in designing and developing training sessions <u>for each of these staff</u>	Average annual salary across staff at this level	Estimated financial cost of designing and developing training sessions about consumer rights legislation
Senior managers				£0.00
Middle managers				£0.00
Frontline staff				£0.00
Additional external costs per month	Training provider			
	HR consultant			
	Other (please specify below)			
<b>Total estimated financial cost of designing and developing training sessions about consumer</b>				<b>£0.00</b>

**B2** Could you please estimate the total annual cost to your company of **providing** training sessions about consumer rights legislation?

	Number of staff currently employed on a full time basis that deliver or attend each training session	Average number of days per month spent directly involved in delivering or attending training sessions <u>for each of these staff</u>	Average annual salary across staff at this level	Estimated financial cost of delivering or attending training sessions about consumer rights legislation
Senior managers				£0.00
Middle managers				£0.00
Frontline staff				£0.00
Additional external costs per month	Training provider			
	HR consultant			
	Venue hire			
	Other (please specify below)			
<b>Total estimated financial cost of providing training sessions about consumer rights legislation</b>				<b>£0.00</b>



**C Legal**

**C1** Could you please estimate the total annual cost to your company of seeking legal advice to ensure compliance with consumer rights legislation?

	Number of staff currently employed on a full time basis that provide legal advice to ensure compliance with consumer rights legislation	Average number of days per month spent directly involved in providing legal advice to ensure compliance with consumer rights legislation <u>for each of these staff</u>	Average annual salary across staff at this level	Estimated financial cost of seeking legal advice to ensure compliance with consumer rights legislation
Senior managers				£0.00
Middle managers				£0.00
Frontline staff				£0.00
Additional external costs per month	External legal adviser			
	Other (please specify below)			
<b>Total estimated financial cost of seeking legal advice on consumer rights legislation per annum:</b>				<b>£0.00</b>

**D Dispute resolution**

**D1** Could you please estimate the total annual cost to your company of **handling consumer complaints**?

	Number of staff currently employed on a full time basis that deal with consumer complaints	Average number of days per month spent directly involved in dealing with consumer complaints <u>for each of these staff</u>	Average annual salary across staff at this level	Estimated financial cost of dealing with consumer complaints
Senior managers				£0.00
Middle managers				£0.00
Frontline staff				£0.00
Additional external costs per month	External legal adviser			
	Other (please specify below)			
<b>Total estimated financial cost of dealing with consumer complaints per annum:</b>				<b>£0.00</b>

**E Customer complaints department**

**E1** Does your company have a dedicated department for dealing with customer complaints such as a customer services department?  
Please put an 'X' in the appropriate box

Yes		Please answer E2
No		Please go to F1 (next sheet)

**E2** Could you please estimate the total annual cost to your company of running a **dedicated customer complaints department**?

	Number of staff currently employed on a full time basis who spend at least some of their time working in the customer services department	Average number of days per month spent working in the customer services department for each of these staff	Average annual salary across staff at this level	Estimated financial cost of running a customer services department
Senior managers				£0.00
Middle managers				£0.00
Frontline staff				£0.00
Additional external costs per month	Technical (IT or telecommunications)			
	Outsourced customer services			
	Other (please specify below)			
<b>Total estimated financial cost of running a dedicated customer services department per annum:</b>				<b>£0.00</b>

**F Refunds****F1**

Could you please estimate the total annual cost to your company of giving **full refunds**?

By full refund we mean a refund equal to the value of the original sale price of the products

	Total
How many sites are there in your company where full refunds are given?	
On average, how many full refunds are given per site per month?	
What is the average value of each full refund?	£ -
<b>Total estimated number of full refunds per annum:</b>	<b>0</b>
<b>Total estimated financial cost of full refunds per annum:</b>	<b>£ -</b>

**F2**

Could you please estimate the total annual cost to your company of giving **partial** refunds?

By partial refund we mean a refund equivalent to less than the value of the original sale price of the products

	Total
How many sites are there in your company where partial refunds are given?	
On average, how many partial refunds are given per site per month?	
What is the average value of each partial refund?	£ -
<b>Total number of partial refunds per annum:</b>	<b>0</b>
<b>Total cost of partial refunds per annum:</b>	<b>£ -</b>

**F4**

Could you please estimate the percentage of **full refunds** that are given:

	%
Within 30 days	0%
Within 6 months (but not within 30 days)	0%
Within 12 months (but not within 6 months)	0%
After more than 12 months	0%
<i>Remaining percentage to be allocated:</i>	<i>100%</i>

**G****Compensation**

Could you please estimate the total annual cost to your company of giving compensation to consumers instead of full refunds?

By compensation we mean occasions where the consumer keeps the product and you offer them some additional recompense - either financial or in kind

	Total
How many sites are there in your company where compensation is given?	
On average, how many times is compensation given per site per month?	
What is the average amount paid in compensation?	£ -
<b>Total cost to company of giving compensation per annum:</b>	<b>£ -</b>

**H Replacements**

**H1** Could you please estimate the total annual cost to your company of replacing products that consumers perceive to be faulty?

	Total
How many sites are there in your company where replacements are given?	
On average, how many replacements are given per site per month?	
What is the average value of each replacement item?	£ -
<b>Total cost to company of giving replacements per annum:</b>	<b>£ -</b>

**I Repairs**

**I1** Could you please estimate the total annual cost to your company of **repairing products**?

	Total
On average how many faulty products does your company repair per month?	
What is the average cost to your company of repairing a faulty product?	£ -
<b>Total cost to company of repairing faulty products per annum:</b>	<b>£ -</b>

# 17 Appendix D: Cost data collection form (services businesses)

17.1 Shown below is the cost data collection form completed by businesses in the services sector.



## A Updating Terms and Conditions

A1 Could you please estimate the total annual cost to your company of **reviewing and/ or updating your terms and conditions**?

	Number of staff currently employed on a full time basis that are directly involved in reviewing and/ or updating your terms and conditions	Average number of days per month directly involved in reviewing and/ or updating your terms and conditions for each of these staff	Average annual salary across staff at this level	Estimated financial cost of reviewing and/or updating your terms and conditions
Senior managers				£0.00
Middle managers				£0.00
Frontline staff				£0.00
Additional external costs per month	External legal adviser			
	Other (please specify below)			
<b>Total estimated financial cost of reviewing and/ or updating your terms and conditions per</b>				<b>£0.00</b>

A2

Each time you change or update your terms and conditions, how much do you spend on developing new versions of each of the following items?

**If there are any of these items that you don't use to convey your T&Cs, then please leave the row blank.**

**Please do not include printing costs associated with re-stocking items due to general use or damage, or any changes made to items (other than to the terms and conditions) such as re-branding.**

Please answer in column 'a' or 'b' depending on what is easier (you don't need to put figures in both columns)

	a)	b)
	Average spend per site	Total amount spent across the company
In store posters		
In store counter-top signage		
Consumer contracts		
Invoices		
Receipts		
Leaflets, brochures and other promotional material		
Other items		
<b>Total</b>	<b>£ -</b>	<b>£ -</b>



A3

Excluding instances where you change or update your terms and conditions, how much do you spend per annum on developing new versions of each of the following items?

**This will include printing costs associated with re-stocking items due to general use or damage, or any changes made to items (other than to the terms and conditions) such as re-branding.**

***If there are any of these items that you don't use to convey your T&Cs, then please leave the row blank.***

Please answer in column 'a' or 'b' depending on what is easier (you don't need to put figures in both columns)

	a)	b)
	Average spend per site	Total amount spent across the company
In store posters		
In store counter-top signage		
Consumer contracts		
Invoices		
Receipts		
Leaflets, brochures and other promotional material		
Other items		
<b>Total</b>	<b>£ -</b>	<b>£ -</b>

**B Staff knowledge and training**

**B1** Could you please estimate the total annual cost to your company of designing and developing training sessions about consumer rights legislation?

	Number of staff currently employed on a full time basis that are directly involved in designing and developing training sessions about consumer rights legislation	Average number of days per month directly involved in designing and developing training sessions <u>for each of these staff</u>	Average annual salary across staff at this level	Estimated financial cost of designing and developing training sessions about consumer rights legislation
Senior managers				£0.00
Middle managers				£0.00
Frontline staff				£0.00
Additional external costs per month	Training provider			
	HR consultant			
	Other (please specify below)			
<b>Total estimated financial cost of designing and developing training sessions about consumer rights legislation per annum:</b>				<b>£0.00</b>

**B2** Could you please estimate the total annual cost to your company of **providing** training sessions about consumer rights legislation?

	Number of staff currently employed on a full time basis that deliver or attend each training session	Average number of days per month spent directly involved in delivering or attending training sessions <u>for each of these staff</u>	Average annual salary across staff at this level	Estimated financial cost of delivering or attending training sessions about consumer rights legislation
Senior managers				£0.00
Middle managers				£0.00
Frontline staff				£0.00
Additional external costs per month	Training provider			
	HR consultant			
	Venue hire			
	Other (please specify below)			
<b>Total estimated financial cost of providing training sessions about consumer rights legislation</b>				<b>£0.00</b>

**C Legal**

**C1** Could you please estimate the total annual cost to your company of seeking legal advice to ensure compliance with consumer rights legislation?

	Number of staff currently employed on a full time basis that provide legal advice to ensure compliance with consumer rights legislation	Average number of days per month spent directly involved in providing legal advice to ensure compliance with consumer rights legislation <u>for each of these staff</u>	Average annual salary across staff at this level	Estimated financial cost of seeking legal advice to ensure compliance with consumer rights legislation
Senior managers				£0.00
Middle managers				£0.00
Frontline staff				£0.00
Additional external costs per month	External legal adviser			
	Other (please specify below)			
<b>Total estimated financial cost of seeking legal advice on consumer rights legislation per annum:</b>				<b>£0.00</b>

**D Dispute resolution**

**D1** Could you please estimate the total annual cost to your company of **handling consumer complaints**?

	Number of staff currently employed on a full time basis that deal with consumer complaints	Average number of days per month spent directly involved in dealing with consumer complaints <u>for each of these staff</u>	Average annual salary across staff at this level	Estimated financial cost of dealing with consumer complaints
Senior managers				£0.00
Middle managers				£0.00
Frontline staff				£0.00
Additional external costs per month	External legal adviser			
	Other (please specify below)			
<b>Total estimated financial cost of dealing with consumer complaints per annum:</b>				<b>£0.00</b>



**E Customer complaints department**

Does your company have a dedicated department for dealing with customer

**E1** complaints such as a customer services department?

*Please put an 'X' in the appropriate box*

Yes		<b>Please answer E2</b>
No		<b>Please go to F1 (next sheet)</b>

**E2** Could you please estimate the total annual cost to your company of running a **dedicated customer complaints department**?

	Number of staff currently employed on a full time basis who spend at least some of their time working in the customer services department	Average number of days per month spent working in the customer services department <u>for each of these staff</u>	Average annual salary across staff at this level	Estimated financial cost of running a customer services department
Senior managers				£0.00
Middle managers				£0.00
Frontline staff				£0.00
Additional external costs per month	Technical (IT or telecommunications)			
	Outsourced customer services			
	Other (please specify below)			
<b>Total estimated financial cost of running a dedicated customer services department per annum:</b>				<b>£0.00</b>

**F Refunds**

**F1**

Could you please estimate the total annual cost to your company of giving **full refunds**?  
*By full refund we mean a refund equal to the value of the original agreed price for the service*

	Total
How many sites are there in your company where full refunds are given?	
On average, how many full refunds are given per site per month?	
What is the average value of each full refund?	£ -
<b>Total estimated number of full refunds per annum:</b>	<b>0</b>
<b>Total estimated financial cost of full refunds per annum:</b>	<b>£ -</b>

**F2**

Could you please estimate the total annual cost to your company of giving **partial** refunds?  
*By partial refund we mean a refund equivalent to less than the value of the original agreed price for the service*

	Total
How many sites are there in your company where partial refunds are given?	
On average, how many partial refunds are given per site per month?	
What is the average value of each partial refund?	
<b>Total number of partial refunds per annum:</b>	<b>0</b>
<b>Total cost of partial refunds per annum:</b>	<b>£ -</b>

**F4**

Could you please estimate the percentage of **full refunds** that are given:

	%
Within 30 days	0%
Within 6 months (but not within 30 days)	0%
Within 12 months (but not within 6 months)	0%
After more than 12 months	0%
<i>Remaining percentage to be allocated:</i>	<i>100%</i>

**G Compensation**

Could you please estimate the total annual cost to your company of giving compensation to consumers instead of full refunds?  
By compensation we mean occasions where the consumer keeps the service and you offer them some additional recompense - either financial or in-kind

	Total
How many sites are there in your company where compensation is given?	
On average, how many times is compensation given per site per month?	
What is the average amount paid in compensation?	£ -
<b>Total cost to company of giving compensation per annum:</b>	<b>£ -</b>

**J Repairs**

**J1** Could you please estimate the total annual cost to your company of **undertaking repair or corrective work**?

	Total
On average how many times per quarter does your company undertake repair or corrective work?	
What is the average cost to your company of undertaking this work?	
<b>Total cost to company of undertaking repair or corrective work per annum:</b>	<b>£ -</b>

## 18 Appendix E: Topic guide for follow-up interviews

INTERVIEWER COMPLETE DETAILS FROM QUANT SURVEY:

Respondent ID	
Business Name	
Sector/ Size quota	<ol style="list-style-type: none"> <li>1) Goods – Micro (1-9)</li> <li>2) Goods – Small (10-49)</li> <li>3) Goods – Medium (50-249)</li> <li>4) Goods – Large (250+)</li> <li>5) Digital Content – Micro (1-9)</li> <li>6) Digital Content – Small (10-49)</li> <li>7) Digital Content – Medium (50-249)</li> <li>8) Digital Content – Large (250+)</li> <li>9) Services - Micro (1-9)</li> <li>10) Services - Small (10-49)</li> <li>11) Services - Medium (50-249)</li> <li>12) Services - Large (250+)</li> </ol>
Date of interview	
Interviewer	

- Introduce self, IFF and project

**We are conducting research on behalf of the Department for Business, Innovation and Skills (BIS) to help inform the government’s plans to reform consumer law. Thank you for your help with the research so far, today I would like to talk through the cost sheet you returned to us recently and speak in more detail about your thoughts on current consumer rights law and the proposed changes to legislation.**

- Request permission to record full interview



## A Cost Sheet: General practices

INTERVIEWER PLEASE ENSURE YOU HAVE CHECKED THE COST SUMMARY SHEET AND NOTED THE QUESTIONS/ QUERIES FROM RESEARCH  
ASK ALL

**Thank you for completing the cost sheet. I have a summary of the information you entered here <PRESENT COST SHEET SUMMARY> and the first thing I'd like to do is quickly run through the summary with you.**

### **Updating terms and conditions**

***Looking first at question A1 on the data sheet – the costs of reviewing and/ or updating terms and conditions...***

A1 IF SOME SPEND ON REVIEWING AND/ OR UPDATING T&Cs: **Could you please tell me how you calculated these costs?** PROBE FOR:

- **What tasks are involved for internal staff?**
- **How does this vary by the different types of staff involved?**
- **What tasks are involved for external suppliers?**

A2 IF NO SPEND ON REVIEWING AND/ OR UPDATING T&Cs: **To confirm, your company doesn't spend anything on reviewing and/ or updating your terms and conditions?**

IF INCORRECT/ COMPANY DOES SPEND ON REVIEWING/ UPDATING T&Cs: **In that case, what would be the financial cost per year?**

INTERVIEWER NOTE: PLEASE ENTER FIGURES INTO SPREADSHEET AND CHECK AMOUNT GENERATED IN TOTAL COLUMN IF POSSIBLE

***Moving on to question A2 on the data sheet...***

A3 IF NO SPEND ON DEVELOPING NEW VERSIONS OF THESE ITEMS: **To confirm, your company doesn't spend anything on developing new versions of any of these items?**

IF INCORRECT/ COMPANY DOES SPEND ON DEVELOPING NEW VERSIONS: **In that case, what would be the financial cost per year?**

INTERVIEWER NOTE: PLEASE ENTER FIGURES INTO SPREADSHEET AND CHECK AMOUNT GENERATED IN TOTAL COLUMN IF POSSIBLE

A4 IF 'OTHER ITEMS' ACCOUNT FOR ANY SPENDING: **What are these other items?**



***Moving on to question A3 on the data sheet...***

A5 IF NO SPEND ON DEVELOPING THESE ITEMS: **To confirm, your company doesn't spend anything on developing new versions of any of these items?**

IF INCORRECT/ COMPANY DOES SPEND ON DEVELOPING THESE ITEMS: **In that case, what would be the financial cost per year?**

INTERVIEWER NOTE: PLEASE ENTER FIGURES INTO SPREADSHEET AND CHECK AMOUNT GENERATED IN TOTAL COLUMN IF POSSIBLE

A6 IF 'OTHER ITEMS' ACCOUNT FOR ANY SPENDING: **What are these other items?**

**Staff knowledge and training**

***Looking now at staff knowledge and training and question B1 on the data sheet...***

A7 IF SOME SPEND ON DESIGNING AND DEVELOPING STAFF TRAINING: **Could you please tell me how you calculated these costs? PROBE FOR:**

- **What tasks are involved for internal staff?**
- **How does this vary by the different types of staff involved?**
- **What tasks are involved for external suppliers?**

A8 IF NO SPEND ON DESIGNING AND DEVELOPING TRAINING: **To confirm, your company doesn't spend anything on designing and developing training about consumer rights legislation?**

IF INCORRECT/ COMPANY DOES SPEND ON DESIGNING AND DEVELOPING TRAINING: **In that case, what would be the financial cost per year?**

INTERVIEWER NOTE: PLEASE ENTER FIGURES INTO SPREADSHEET AND CHECK AMOUNT GENERATED IN TOTAL COLUMN IF POSSIBLE

***Turning now to question B2...***

A9 IF SOME SPEND ON PROVIDING TRAINING: **Could you please tell me how you calculated these costs? PROBE FOR:**

- **What tasks are involved for internal staff?**
- **How does this vary by the different types of staff involved?**
- **What tasks are involved for external suppliers?**



A10 IF NO SPEND ON PROVIDING TRAINING: **To confirm, your company doesn't spend anything on providing training about consumer rights legislation?**

IF CORRECT/ NO SPEND: **Can I just check how your company goes about informing staff about consumer rights legislation?**

IF INCORRECT/ COMPANY DOES SPEND ON PROVIDING TRAINING: **In that case, what would be the financial cost per year?**

INTERVIEWER NOTE: PLEASE ENTER FIGURES INTO SPREADSHEET AND CHECK AMOUNT GENERATED IN TOTAL COLUMN IF POSSIBLE

A11 ASK ALL: **To check, when calculating the cost of designing, developing and providing staff training, which forms of training did you consider? PROBE FOR:**

- **Face-to-face training sessions run by in-house staff**
- **Face-to-face training sessions run by external training providers**
- **The cost of hiring venues for training**
- **Online materials**
- **Printed materials**

A12 IF ANY TRAINING TYPES NOT INCLUDED IN DATA SHEET OR ELSEWHERE: **What would be the additional financial cost per year of...?**

- **Designing and developing staff training with this form of training/ these forms of training taken into account?**
- **Providing staff training with this form of training/ these forms of training taken into account?**

INTERVIEWER NOTE: PLEASE ENTER FIGURES INTO EACH COLUMN OF SPREADSHEET AND CHECK AMOUNT GENERATED IN TOTAL COLUMN IF POSSIBLE

#### **Legal advice**

*Looking now at legal advice and question C1 on the data sheet...*

A13 IF SOME SPEND ON LEGAL ADVICE: **Could you please tell me how you calculated these costs? PROBE FOR:**

- **What tasks are involved for internal staff?**
- **How does this vary by the different types of staff involved?**
- **What tasks are involved for external suppliers?**



A14 IF NO SPEND ON LEGAL ADVICE: **To confirm, your company doesn't spend anything on seeking legal advice to ensure compliance with consumer rights legislation?**

IF CORRECT/ NO SPEND: **Can I just check how your company goes about keeping up to date with changes in consumer rights legislation?**

IF INCORRECT/ COMPANY DOES SPEND ON LEGAL ADVICE: **In that case, what would be the financial cost per year?**

INTERVIEWER NOTE: PLEASE ENTER FIGURES INTO SPREADSHEET AND CHECK AMOUNT GENERATED IN TOTAL COLUMN IF POSSIBLE

A15 ASK ALL: **To check, when calculating the cost of legal advice, did you take into account both internal and external legal advisers?** PROBE FOR THE FOLLOWING EXTERNAL ADVISERS:

- **Solicitor/ law firm**
- **Trade or industry body**
- **Any other external legal advisers?**
- **Can I check, did you include here the monthly cost of external legal advice entered at A1 in the cost sheet?** INTERVIEWER RECORD YES A1 INCLUDED / NO A1 NOT INCLUDED

IF SOME TYPES OF LEGAL ADVICE NOT INCLUDED IN DATA SHEET OR ELSEWHERE:

- **What would be the additional financial cost per year of this form/ these forms of legal advice?**

INTERVIEWER NOTE: PLEASE ENTER FIGURES INTO EACH COLUMN OF SPREADSHEET AND CHECK AMOUNT GENERATED IN TOTAL COLUMN IF POSSIBLE

A16 ASK ALL: **And what areas of advice relating to consumer rights issues did you consider?** PROBE FOR:

- **Drafting terms and conditions**
- **Handling complaints about products/ services being fit for purpose or as described**
- **Handling complaints about delivery of products or services**
- **Handling complaints about other terms of the contract**
- **What other areas of advice did you consider?**

IF SOME AREAS OF LEGAL ADVICE NOT INCLUDED IN THE DATA SHEET OR ELSEWHERE: **What would be the additional financial cost per year of this form/ these forms of legal advice?**

INTERVIEWER NOTE: PLEASE ENTER FIGURES INTO EACH COLUMN OF SPREADSHEET AND CHECK AMOUNT GENERATED IN TOTAL COLUMN IF POSSIBLE





**Disputes***Looking now at dispute resolution and question D1 on the data sheet...*

A17 IF SOME SPEND ON HANDLING CONSUMER COMPLAINTS: **Could you please tell me how you calculated these costs? PROBE FOR:**

- **What tasks are involved for internal staff?**
- **How does this vary by the different types of staff involved?**
- **What tasks are involved for external suppliers?**

A18 IF NO SPEND ON HANDLING CONSUMER COMPLAINTS: **To confirm, your company doesn't spend anything on handling consumer complaints?**

IF CORRECT/ NO SPEND: **Can I just check how your company goes about handling consumer complaints?**

IF INCORRECT/ COMPANY DOES SPEND ON HANDLING CONSUMER COMPLAINTS: **In that case, what would be the financial cost per year?**

INTERVIEWER NOTE: PLEASE ENTER FIGURES INTO SPREADSHEET AND CHECK AMOUNT GENERATED IN TOTAL COLUMN IF POSSIBLE

A19 ASK ALL: **To check, when calculating the cost of handling consumer complaints, what kinds of complaints did you consider? PROBE FOR:**

- **Faulty products or services**
- **Late delivery of products or services**
- **Disagreement about whether products or services match the description given**
- **Incorrect invoicing**
- **Unfair terms and conditions**
- **What else did you consider?**

IF SOME KINDS OF COMPLAINT NOT INCLUDED IN THE DATA SHEET OR ELSEWHERE: **What would be the additional financial cost per year of handling this kind/ these kinds of complaint?**

INTERVIEWER NOTE: PLEASE ENTER FIGURES INTO EACH COLUMN OF SPREADSHEET AND CHECK AMOUNT GENERATED IN TOTAL COLUMN IF POSSIBLE

A20 IF ANY TYPES OF ADVISER (A15) NOT INCLUDED IN THE DATASHEET OR ELSEWHERE: **You mentioned earlier that you had not originally included [TYPE OF ADVISER FROM A15] in your calculations. Would the inclusion of [INSERT TYPE OF ADVISER] impact on the cost to your company of handling consumer complaints?**

IF YES: **In that case, what would be the additional financial cost per year?**

INTERVIEWER NOTE: PLEASE ENTER FIGURES INTO EACH COLUMN OF SPREADSHEET AND CHECK AMOUNT GENERATED IN TOTAL COLUMN IF POSSIBLE



**Customer service department**

**Looking now at handling the questions on customer complaints departments – questions E1 and E2 on the data sheet...**

- A21 IF NO DEDICATED CUSTOMER COMPLAINTS DEPARTMENT (E1): **Just to check, your company doesn't have a dedicated department for dealing with customer complaints? By this we mean a team of people dedicated to handling customer complaints and not necessarily a formal department**

IF CORRECT/ NO DEPARTMENT: **In that case, how does your company go about handling customer complaints?**

IF INCORRECT/ COMPANY DOES HAVE DEDICATED DEPARTMENT OR TEAM: **In that case, what is the total annual cost to your company of running a dedicated customer services department or team?**

INTERVIEWER NOTE: PLEASE ENTER FIGURES INTO EACH COLUMN OF SPREADSHEET AND CHECK AMOUNT GENERATED IN TOTAL COLUMN IF POSSIBLE. ENSURE D1 COSTS ARE NOT INCLUDED AT E1.

- A22 IF SOME SPEND ON RUNNING A DEDICATED CUSTOMER COMPLAINTS DEPARTMENT (E2): **Could you please tell me how you calculated these costs? PROBE FOR:**

- **What tasks are involved for internal staff?**
- **How does this vary by the different types of staff involved?**
- **What tasks are involved for external suppliers?**
- **And can I check, have you included here the costs of handling consumer complaints entered at D1? INTERVIEWER RECORD: YES D1 INCLUDED / NO D1 NOT INCLUDED**

- A23 IF DEDICATED CUSTOMER COMPLAINTS DEPARTMENT (E1) BUT NO SPEND (E2): **You state at E1 that your company has a dedicated department for dealing with customer complaints but you haven't entered any costs for this at E2. Could you please clarify this for me?**

IF E1 CORRECT: **In that case, what is the total annual cost to your company of running a dedicated customer services department?**

INTERVIEWER NOTE: PLEASE ENTER FIGURES INTO EACH COLUMN OF SPREADSHEET AND CHECK AMOUNT GENERATED IN TOTAL COLUMN IF POSSIBLE. ENSURE D1 COSTS ARE NOT INCLUDED AT E1.

IF E1 INCORRECT: **In that case, how does your company go about handling customer complaints?**



## B Cost Sheet: Refunds, replacements and repairs

*I'd now like to look at the second worksheet, which covers refunds, replacements and repairs.*

B1 Before we begin this section, could I just confirm that, when filling in the worksheet, you only took into consideration....

IF GOODS/DIGITAL CONTENT: instances where customers deem a product to be faulty or different from its description, not instances where customers simply change their mind about a product they have purchased?

IF SERVICES: instances where customers deem a service not to have been delivered with reasonable care and skill, not instances where customers simply change their mind.

IF CORRECT: CONTINUE

IF INCORRECT: REVIEW ALL FIGURES ENTERED IN SHEET AND REVISE, ONLY TAKING INTO ACCOUNT REFUNDS/ COMPENSATION/ REPLACEMENTS/ REPAIRS GIVEN/ MADE BECAUSE OF:

- GOODS OR DIGITAL CONTENT WHICH ARE FAULTY/ DIFFERENT FROM DESCRIPTION
- SERVICES DEEMED NOT TO HAVE BEEN DELIVERED WITH REASONABLE CARE AND SKILL

### Refunds

*Looking first at refunds and question F1 on the data sheet...*

B2 IF NO FULL REFUNDS GIVEN: To confirm, your company doesn't give full refunds?

IF INCORRECT/ COMPANY DOES GIVE FULL REFUNDS: In that case, what would be the financial cost per year?

B3 IF FULL REFUNDS GIVEN: Can you quickly talk me through the process by which you came to these figures?

*Looking now at question F2 on the data sheet...*

B4 IF NO PARTIAL REFUNDS GIVEN: To confirm, your company doesn't give partial refunds?

IF INCORRECT/ COMPANY DOES GIVE PARTIAL REFUNDS: In that case, what would be the financial cost per year?

B5 IF PARTIAL REFUNDS GIVEN: Can you quickly talk me through the process by which you came to these figures?



*Looking now at question F4 on the data sheet...*

- B6 IF FULL REFUNDS GIVEN AND F4 DOES NOT ADD TO 100%: **Your answers to question F4 should add to 100% but they add to \_\_%. Can we just double-check the figures you have given?**
- B7 IF FULL REFUNDS GIVEN AND NO ANSWER AT F4: **You haven't entered any answers to question F4. Could you please clarify this for me?**

**Compensation**

*Turning now to look at compensation and question G1 on the data sheet...*

- B8 IF NO COMPENSATION GIVEN: **To confirm, your company doesn't offer customers compensation?**
- IF INCORRECT/ COMPANY DOES GIVE COMPENSATION: **In that case, what would be the financial cost per year of giving compensation?**
- B9 IF COMPENSATION GIVEN: **Can you quickly talk me through the process by which you came to these figures?** PROBE FOR HOW FREQUENTLY OFFER THE FOLLOWING:
- **Money back for customers up to the original value of the product or service**
  - **Money for customers over the original value of the product or service**
  - **Vouchers, a future discount or a credit note**
  - **Does your company offer anything by way of compensation?**

**Replacements (GOODS AND DIGITAL CONTENT ONLY)**

*Turning now to look at replacements and question H1 on the data sheet...*

- B10 IF NO REPLACEMENTS GIVEN: **To confirm, your company doesn't offer customers replacement products?**
- IF INCORRECT/ COMPANY DOES GIVE REPLACEMENTS: **In that case, what would be the financial cost per year of providing replacement products?**
- B11 IF REPLACEMENTS GIVEN: **Can you quickly talk me through the process by which you came to these figures?**

**Repairs (GOODS AND DIGITAL CONTENT ONLY)**

*Turning now to look at repairs and question I1 on the data sheet...*

- B12 IF NO REPAIRS UNDERTAKEN: **To confirm, your company doesn't offer to undertake repairs?**
- IF INCORRECT/ COMPANY DOES UNDERTAKE REPAIRS: **In that case, what would be the financial cost per year of undertaking repairs?**
- B13 IF REPAIRS UNDERTAKEN: **Can you quickly talk me through the process by which you came to these figures?**



**Repairs (SERVICES ONLY)***Turning now to look at repairs and question J1 on the data sheet...*

B14 IF NO REPAIRS UNDERTAKEN: **To confirm, your company doesn't offer to undertake repairs or corrective work?**

IF INCORRECT/ COMPANY DOES UNDERTAKE REPAIRS: **In that case, what would be the financial cost per year of undertaking repairs or corrective work?**

B15 IF REPAIRS UNDERTAKEN: **Can you quickly talk me through the process by which you came to these figures?**

THANK RESPONDENT AND CLOSE INTERVIEW

Finally I would just like to confirm that this survey has been carried out under IFF instructions and within the rules of the MRS Code of Conduct. As a thank you, a £50 donation will be made to a charity of your choice, or a £50 personal cheque. I'll just need to confirm some details:

Personal cheque

Charity donation

Name of charity \_\_\_\_\_  
(if applicable)

Name on Cheque & Postal address \_\_\_\_\_  
For personal donation  
(if applicable)

