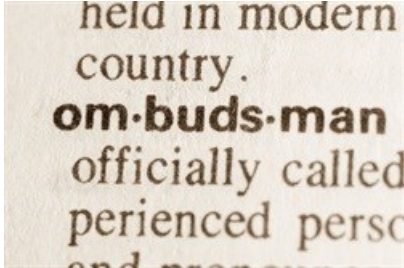


The ombudsman cometh

 By [Neville Melville](#)

3 Sep 2015

Has the culture of non-compliance and non-payment that is increasingly prevalent amongst the general population spread to businesses? If the recent experience of the office of the Consumer Goods and Services Ombud (CGSO) is anything to go by, it may well have done so...



© Agata GĄdykowska – [123RF.com](#)

Since it became compulsory at the beginning of May 2015 for businesses whose activities fall within the supply chain that provides, markets and/or offers to supply consumer goods and services to register with CGSO and contribute towards the cost of running it, only 45 businesses out of the estimated 20,000 high-turnover companies in the CGSO's scope have signed up. This brings to 65 the total number of participants registered, including those far-sighted consumer goods companies that bought in and registered as members while CGSO still operated as a voluntary scheme. Now that it has become mandatory, non-compliant companies are contravening the Consumer Protection Act (CPA).

This inertia led to CGSO having to appoint Trifecta Capital to create a database of eligible businesses and to manage registration of participants. This step and the possible need to resort to legal action to compel compliance will drive costs up further, to the detriment of those businesses that complied willingly, and detract from the key mission of assisting consumers and businesses to resolve their disputes. The situation is untenable and unfair to businesses that are carrying CGSO's operating expenses, which are considerable given the volume of cases handled. During 2014, 4,500 complaints were processed.

A recourse mechanism

The CGSO provides a recourse mechanism for consumers dealing with businesses operating within the consumer goods and services supply chain, with the exception of the motor and financial industries or other organisations regulated elsewhere. Participation in the scheme should be regarded as an extension of companies' commitment to customer service and consumers see participation in the scheme as a reflection of this.

The attitude of the broad consumer goods and services industry is out of step with that adopted in a wide range of other South African industries, which seized the opportunity to self-regulate or co-regulate with the government. In sharp contrast, the office of the long-term insurance ombudsman is one of the longest operating commercial sector ombudsman schemes in the world, having been established in 1985. In addition to other financial sector ombudsman schemes, such entities have been established for the press, the motor industry and various branches of the medical profession. The trend has been mirrored within the state environment with the creation of city ombudsmen and the tax ombudsman.

In the UK, by all accounts, it appears that the retail ombudsman that started operating at the beginning of this year already enjoys broad support within that industry.

In their tardiness to register with CGSO, South African businesses are overlooking the many internationally acknowledged benefits of belonging to an ombudsman scheme, some of which are evident from these quotes:

- Firms receive useful consumer feedback and achieve reputational and commercial benefits from enhanced consumer confidence - The Financial Services Authority, London.
- Every business finds that among its customers are people who become obsessive. Such people will never take 'no' for an answer, and it is a relief to pass them to the ombudsman - Financial Ombudsman UK.
- But the ombudsman should also stress that consumers have responsibilities ... - Governor of the Central Bank Trinidad and Tobago.

It is hoped that those businesses that are holding out will have a change of heart and embrace the new reality.

To learn more about the benefits of belonging to CGSO, download the document: *Why the consumer goods and services ombud?* [here](#).

If you have any enquiries, kindly refer to <http://www.cgso.org.za/participant-faqs/> or contact Queen Munyai: (011) 781 3128; queenm@cgso.org.za.

ABOUT NEVILLE MELVILLE

Former Ombudsman for Banking Services, Advocate Neville Melville has extensive experience in the dispute resolution field. He founded the Independent Complaints Directorate before becoming Banking Ombudsman, in which capacity he served for seven years. Melville is knowledgeable in the consumer law field, having compiled the book *The Consumer Protection Act Made Easy* and co-authored *Know your Consumer Rights*.

- Cops!...I clicked it again - 7 Oct 2015
- The ombudsman cometh - 3 Sep 2015

[View my profile and articles...](#)

For more, visit: <https://www.bizcommunity.com>