

**REPORT TO: ENVIRONMENTAL SERVICES AND SUSTAINABILITY COMMITTEE
21ST FEBRUARY 2005**

**REPORT ON: PROTECTING CONSUMERS AND PROMOTING BUSINESS – A TRUSTED
TRADER PARTNERSHIP SCHEME**

REPORT BY: HEAD OF ENVIRONMENTAL HEALTH AND TRADING STANDARDS

REPORT NO: 145-2005

1.0 PURPOSE OF REPORT

1.1 This report seeks approval for the launch of a local business partnership scheme, to increase consumer confidence, promote good practice within local small business, and help protect citizens from doorstep crime.

2.0 RECOMMENDATIONS

2.1 It is recommended that the committee approves the launch of the Dundee 'Trusted Trader' partnership scheme as outlined in this report.

2.2 It is further recommended that all Dundee City Council departments adopt recognised 'best practice' guidelines, when visiting or dealing with members of the public in their own homes.

3.0 FINANCIAL IMPLICATIONS

3.1 The expenditure of £15,000 will be met from the Environmental Health and Trading Standards Department's 2004/05 revenue budget.

3.2 The sustainability of the scheme will depend on its initial success, and it will be funded by businesses themselves in subsequent years.

4.0 DUNDEE 21 IMPLICATIONS

4.1 People live without fear of crime: These proposals will help prevent doorstep crime, improve community safety, and make citizens more confident in buying goods and services from their own home without fear of fraud or lack of redress.

5.0 EQUAL OPPORTUNITIES IMPLICATIONS

5.1 There are no equal opportunity implications in this report

6.0 BACKGROUND

6.1 Committee report 770-2004 outlined Dundee City Council's response to the Department of Trade and Industry on their recent consultation 'Doorstep Selling and Cold Calling'. It also considered other issues in connection with doorstep sales, such as community safety,

quality of goods or services supplied, and the availability of redress for consumers when things go wrong. It also notified the committee of the work being done by the Council's Trading Standards Officers in respect of a local business partnership scheme that would address many of these issues.

- 6.2 There are a number of concerns for consumers when engaging a business, for example to have work carried out to their home:
They may be unaware of their rights
They may make inappropriate decisions due to high pressure sales techniques
They may not be able to make price comparisons
They will be unable to assess the quality of the work they will receive
- 6.3 A particular area of concern is that of bogus traders. That is where consumers are cold called, and tricked into paying large sums of money for often very shoddy goods or services. Property maintenance, for example roofing repairs or tarmacking, covers a high proportion of cases, and these are almost always high value cases with consumers parting with sums in excess of £1000. If victims are from vulnerable groups, then the result is often distress as well as financial loss. Of even more concern is the link between bogus workmen and distraction burglary where vulnerable members of the community are specifically targeted by individuals seeking to steal cash and property.
- 6.4 Part 3 of the Local Government in Scotland Act 2003 gives local authorities the power to do anything which promotes or improves the wellbeing of its area or persons within that area. This scheme is a good example of regulatory services using that power to further the wellbeing of the local community, by working in partnership with local business and consumers.

7.0 PROPOSALS

- 7.1 That a 'Trusted Trader' business partnership scheme be introduced into the city to help consumers who are seeking services, and help businesses who are seeking to provide them in an honest and fair fashion. The scheme will initially be aimed at small businesses engaged in a number of sectors including property maintenance, and vehicle servicing. Similar schemes are currently operated by Trading Standards services in Fife, and Perth and Kinross Councils with notable success.

Local businesses have been consulted on the introduction of such a scheme and although 20% do not think it would benefit them, the majority of small traders are supportive, and feel it would help their business.

- 7.2 That the scheme be operated by Referenceline Ltd, who provide a scheme which measures business performance by customer referral. In their system, customers of a particular trader will rate the work carried out in a number of areas, and give written references. Referenceline will collate the information which will then be available to prospective customers. Only local Dundee firms will be eligible to join.

The scheme will be managed by Trading Standards and member firms will be required to adopt a Code of Practice. Widespread publicity will be given to the scheme and its members, through a number of channels, to local citizens. Information will be available on the internet and in hard copy. An independent assessment of the Referenceline approach is reproduced as Annex 1, taken from the National Consumer Council report on trading information.

To maximise the success of the initiative it is proposed to fund the first year from grant funding from the Department of Trade and Industry which is available in the 2004/05 EHTS revenue budget. The cost including operation of the scheme by Referenceline Ltd and all publicity, materials and launch event will be £15,000.

- 7.3 The scheme will embody a Code of Practice for members to ensure that consumers' interests are safeguarded, and that businesses raise their standards of consumer service. This Code of Practice is being designed to meet the criteria of the Office of Fair Trading Consumer Codes Approval Scheme. Endorsement by the OFT would be a significant achievement. The Code will also embody best practice guidelines in how to deal with consumers in their homes, in order to improve community safety. The Code and terms and conditions are appended to this report as Annex 2.
- 7.4 This scheme will have the effect of reducing the business available to itinerant and bogus traders, and should improve community safety with respect to doorstep selling and distraction burglary. Part and parcel with that effect is the need to ensure that scheme members abide by best practice in terms of identification and community security when visiting or delivering services to consumers in their homes. That proposal should be extended not only to member firms, but also to Dundee City Council Departments that deliver services in the home. Trading Standards undertake to work, with Tayside Police where appropriate, to ensure that best practice in community safety, in respect of doorstep callers, is achieved.

8.0 CONSULTATIONS

- 8.1 The Chief Executive
Depute Chief Executive (Support Services)
Depute Chief Executive (Finance)
Dundee and Tayside Chamber of Commerce
Federation of Small Businesses
- 8.2 One hundred and fifty small businesses were consulted and over 40% have responded to date. Only one in five traders did not think the scheme would be beneficial.

9.0 BACKGROUND PAPERS

Department of Trade and Industry: DOORSTEP SELLING AND COLD CALLING – Consultation on proposals to improve consumer protection when purchasing goods or services in their home. July 2004. URN 04/1331
Dundee City Council committee report 770-2004, November 2004.
National Consumer Council report 'Trading Information – the case for a one-stop-shop information service based on the track records of traders' October 2002.

Albert Oswald
Head of Environmental Health & Trading Standards

February 2005

Annex 1 - National Consumer Council report 'Trading Information – the case for a one-stop-shop information service based on the track records of traders' October 2002: excerpt assessment of the Referenceline approach.

Referenceline's mission is to provide an independent reference service, which allows consumers to make a more informed choice when selecting a business. The service is based on the principle of word of mouth. In essence, it is a register of businesses that are rated according to consumer feedback on their personal experience of member businesses. The service works as follows:

- Customers of registered firms send their feedback directly to Referenceline, using specially designed freepost forms
- Referenceline's website shows the customer's unedited handwritten comments, and provides scores out of ten for quality, service and value. The site also records qualifications, memberships, insurance, the company's response to customer complaints, scope of work and photographs of previous jobs
- Based on the scores above, each business is awarded a quarterly star rating. Star ratings are awarded on a quarterly basis for consistent performance over a period of time. So, a business with a small number of reports with scores averaging nine out of ten may get two stars. But a business with a large number of reports with scores averaging eight out of ten may receive three or four stars.

In addition, Referenceline sends businesses regular reports to help them manage their businesses more effectively. These reports include: printed copies of the web pages; confidential reports analysing individual employees' performance; and customers' suggestions for improvement. On this theme, Referenceline has participated in a project with the Northern Ireland Construction Service, assisted by the Movement for Innovation. The Construction Service has acted on feedback from intelligence yielded from its use of the Referenceline system. As a result, levels of customer satisfaction with Construction Service contractors have seen major improvement over the course of a year.

Referenceline is approved by Hampshire Trading Standards. Its website contains the contact details of traders registered in four local 'approved trader' trading standards schemes - for Hampshire, Bournemouth, Portsmouth and Southampton.

Assessment

This is an innovative scheme, which is particularly interesting for being grounded in the principle of word of mouth - the technique the majority of consumers rely on when choosing a supplier (see chapter 1The consumer case). Because the references come from unknown people, confidence in the reports can only come through respect for the provider. Our research on trust (11) found that consumers were less trusting of a recommendation from somebody they did not know compared to a recommendation from a friend or member of their family. Further, our qualitative research exposed a suspicion of schemes run by private enterprise, but Referenceline achieves legitimacy by having approval from Hampshire Trading Standards. Without full knowledge of how the scheme operates, it was interesting how our focus group respondents drew parallels between the scheme and fliers they received through their letterboxes containing (potentially fabricated) quoted endorsements from satisfied customers. The research found that being reassured about the independence of the provider is fundamental to enable the consumer to trust the reports as genuine and representative and to establish their relevance and authority.

A good feature of the scheme is that it draws together a range of hard, verifiable information (for example, qualifications and insurance) and soft, more opinionated information (for example, customers comments and complaints) – this is consistent with our consumer research about what sorts of information consumers want to know about traders. The information is also presented to

allow easy comparison between traders, which may be filtered to users' individual needs. Referenceline is transparent about its processes and supports the information it presents with explanation.

Coverage of businesses is currently quite small, although we note Referenceline has developed without any substantial investment in advertising (until a very recent advertisement in the Yellow Pages). But a strong feature of the scheme is that it serves the needs of both consumers and business. By providing intelligence on consumers' experience of their business, including the performance of individual employees, companies can target areas of weakness and improve the service they offer accordingly. Encouraging business take up is one of the most difficult challenges a future 'information service' will need to overcome, so this aspect of the Referenceline service is particularly welcome.

Table 1 – Assessment of UK initiatives against consumers' information values

	Quality Mark	Oftel CPI	TS Interlink	Golden Spanner	Surrey TS	Home Services	SNIEFF	THES	Reference Line	Trade Register
Single source of information			●					●	●	
Comprehensive	●	●	●	●			●	●	●	
Positive and negative		●						●	●	
Hard & soft		●							●	
Summary and detail			●						●	
User-friendly	●	●		●	●	●	●	●	●	●
Tailored	●		●	●		●	●		●	●
Up-to-date	●	●	●	●	●		●		●	
Interpreted	●	●			●	●			●	
Authoritative provider	●	●	●	●	●	●		●		
Coverage		●					●	●		●
Publicity	●	●				●		●	●	●
Two ore more access points	●	●		●			●	●	●	●
Business incentives	●								●	

Annex 2 – Trusted Trader Scheme Code of Practice

Dundee Trusted Trader Scheme Code of Practice

The Dundee Trusted Trader scheme is a local business partnership scheme aimed at increasing consumer confidence, promoting good practice within local small business, and helping protect citizens from doorstep crime.

Dundee City Council Trading Standards service, and the members of this scheme are committed to improving standards of business operation and customer care. It is a condition of membership of the scheme that members adhere to this Code of Practice.

The Trusted Trader scheme is managed and administered by Dundee City Council Trading Standards service, and the services delivered by member businesses are assessed by their own customers, through a survey system operated by Referenceline Ltd. Customer survey information about member companies will be available to all local consumers.

The information presented under this scheme is accurate to the best of our knowledge. However, the information under the scheme must not be taken in any way as a warranty by the Council of the status of any individual trader. The Council will not accept liability whatsoever arising out of the use of the information obtained under this scheme.

COMMITMENTS

Dundee Trading Standards will:

- Provide a fair and impartial service for both traders and consumers.
- Ensure compliance with consumer protection legislation, and agree to carry out any investigations promptly and fairly.
- Provide advice on both civil and consumer protection legislation upon request.
- Assist with staff training if required, and where resources permit.
- A nominated officer will act as Liaison Officer for the business and the contact point for the provision of advice and assistance.
- Provide appropriate advice to a consumer following a complaint to the Service. Civil complaints will be referred to the person appointed by the business to deal with complaints. Where a complaint cannot be resolved, the Service will attempt to mediate between the two parties or recommend arbitration through a trade association if appropriate, or action through the court system.
- Provide an appropriate level of promotion of the scheme and members of the scheme.
- Conduct an annual review of the scheme.
- Reserve the right to revoke membership of the scheme where traders pursue a course of business conduct detrimental to consumers' interests, or in conflict with this Code of Practice.
- Reserve the right to publicise the removal of traders from the scheme where appropriate.

Members will:

- Provide Trading Standards with full details of ownership, trading names, premises, staffing levels and trade activities.
- Inform Trading Standards of any significant changes to the above within 14 working days of the change.
- Ensure that all employees are made aware of the scheme and their obligations.
- Ensure that appropriate identification and contact methods are used when visiting or delivering services to consumers in their own homes.
- Agree to use the Referenceline system and distribute questionnaires to customers.
- Agree to abide by the letter and spirit of this Code of Practice.

CONDITIONS:

Applicants must:

1. Have a permanent address in the Dundee City Council area.
2. Adequately train their staff for the work they carry out, and keep appropriate training records.
3. Deal with complaints promptly, effectively and in accordance with the dispute resolution process. A record of all complaints received must be kept for a minimum of 1 year from conclusion of the complaint.
4. If a business is a member of a trade association which has its own code of practice, the terms of that code and any general codes will be followed at all times.
5. Provide customers, where appropriate, with a written schedule of works and a written quotation before any work commences. Any change made to this schedule shall be communicated to the consumer before any further work is carried out. Any call out charges must be notified in advance to the consumer.
6. Give customers an invoice or receipt showing full details of work carried out, itemising where parts have been supplied, materials used and labour and other costs. Where parts have been replaced they shall be left for inspection if the consumer requests.
7. Not use second hand or reconditioned parts unless agreed by the consumer prior to the work commencing.
8. Include VAT in all prices including advertised prices, and comply with all relevant consumer protection legislation.
9. Not seek customers by cold calling.
10. Distribute a minimum, agreed number of Referenceline customer satisfaction questionnaires.

COMPLAINTS:

If a consumer is unhappy with any work carried out by a member of the scheme, the trader must agree to comply with the dispute resolution procedure.

1. Consumer should try to resolve the complaint directly with the trader. Any details of the complaint should be made in writing to the trader.
2. If the complaint remains unresolved, then either party may contact Trading Standards with details of the complaint.
3. Trading Standards will respond to both parties within 3 working days.
4. Trading Standards will investigate the complaint, and where necessary provide a recommendation to resolve the dispute. This recommendation will be binding on the trader. Where it is necessary to consult an independent expert, agreement will be sought from both parties about the payment of such a consultation.

BUSINESS CHARTER

Traders shall agree to trade fairly and within the spirit of the law and good business practice.

USE OF THE LOGO

On joining the scheme businesses will be issued with:

- A membership certificate to display on their business premises
- A copy of the scheme logo

If a member leaves the scheme or membership is revoked, then use of the logo will cease immediately; all advertising and business documentation must be modified within 14 days of membership ending. Continued use or misuse of the logo may constitute an offence and Dundee City Council Trading Standards Service will consider formal enforcement action on such occasions.

The words 'Trading Standards Approved' or 'Police Approved', or any similar terms must not be used in any way in conjunction with the logo or with any reference to membership of the scheme.

CHANGES TO THESE TERMS AND CONDITIONS:

Dundee City Council reserves the right to change the terms and conditions of membership of the scheme after appropriate notice and consultation with member businesses.