

Carpet Foundation

Response to Consumer Code of Practice Audit Report

1. **TSI Audit Report:** *Model terms and conditions issued to Foundation members had not been reviewed or refreshed since they are approved by the OFT in 2006.*

CF Response: CF will consult with our local Trading Standards Office to ensure terms of business comply with current legislation.

2. **TSI Audit Report:** *Although the approved Code of Practice limits pre-payments to 33% of the contract value, the Foundation had amended this to 50% without seeking approval and, notwithstanding this, the Audit Team found evidence that 100% deposits were being taken in some cases.*

CF Response: The approved Code of Practice did not set an actual limit for deposits. There was separate advice to retailers that a 33.3% limit was recommended but this was never in the actual wording of the Code.

To prevent abuse CF wanted to impose a limit and 50% is now the deposit norm.

This change was discussed verbally and via email with TSI.

CF believed that we had been given approval from our TSI contact and that was why the Code was changed.

In discussions with TSI we also jointly came to the view that 100% deposits were outside the scope of the Code and were paid at the consumers own risk. In fact, they became a pre-payment not a deposit.

3. **TSI Audit Report:** *The approved customer feedback and monitoring process had been abandoned and there was no evidence available that a suitable alternative had been implemented.*

CF Response: The customer feedback system (via end user response cards) was discussed with TSI. As the information being obtained via these response cards was virtually the same, year after year, TSI felt that it related more to retailer processes and not to levels of consumer detriment.

An alternative feedback system was therefore desirable and CF will now detail a proposal to TSI.

4. **TSI Audit Report:** *The Foundation had ceased to audit its members' activities and had switched to a questionnaire without seeking approval. The approach adopted by the*

questionnaire was considered inadequate to effectively monitor the activities of its members.

The Foundation had made its field auditors redundant and had not implemented any adequate alternative.

CF Response: With regards to auditing our members' activities, the team of people (four in total) referred to as Field Auditors had as their main priority a general liaison between CF and its retail members – they were never formally trained as auditors or tasked as auditors, but would relay back to CF any issues they came across regarding the Code.

Revenue constraints mean we can no longer afford this team, hence the introduction of the questionnaire scheme.

This new scheme was developed with the help of Select Statistics who agreed a self-assessment questionnaire could be implemented as a low cost auditing scheme. It was put into practice some four weeks ago and a response rate of circa 25% has so far been achieved. We will need to look at how we can grow this.

Select Statistics have also advised that this questionnaire should be backed up by random site audits.

5. **TSI Audit Report:** *The Foundation had no effective means of discovering whether or not its members continued to trade (although it was noted that moving to a subscription model would assist with this aspect).*

CF Response: The old levy system of generating CF revenue has to come to an end March 2014. Therefore all members will be on a monthly fee paid by standing order. This will give us an early warning system on retailers in trouble.

We also ask manufacturer representatives to let us know if any of their account holders are put on a pre-payment list – but this information isn't always forthcoming.

Could we also make the following comments about our retail members and their ethos.

- (a) Our typical retail member is a small, independent, one shop business where the owners are often a husband and wife team – who do all the work.

They rely heavily on repeat business so recognise the importance of high service standards.

They don't have extensive staff and we must always adopt a commercially pragmatic approach when it comes to auditing such businesses.

A system that is either too rigid or over intrusive would be unwelcome to them.

- (b) From our earliest meetings with TSI we formed the opinion that lowering consumer detriment levels was the priority. Because we get such low levels of complaints,

(between 2 and 3 a month are referred to conciliation from an estimated 50,000 monthly transactions), we felt that we were achieving this priority, and it reflected well on our retail members compliance with the Code.