

# Can you trust a car dealer?

Car dealers have long had a reputation for employing dubious sales tactics. Which? went undercover to find out if this is still justified

**H**ave you ever experienced the sharp practices used by the 'Arthur Daley' characters of this world? These may have been ploys to get you into the showroom under false pretences, or to sell you a car using misleading sales banter. You might consider their practices dubious, a fact of life, 'just one of those things' – but such tactics can seriously damage your chances of getting a fair deal.

You'll be pleased to hear, then, that 31 such practices have been outlawed completely. It is now illegal, for example, for a retailer to invite a prospective buyer to purchase at a specified price, without telling the buyer if it may not be able to supply the goods advertised. Making false claims has always been frowned upon, but now it is against the law, as is omitting vital information the consumer needs to make a purchasing decision.

There are also legally binding guidelines on other sales techniques. These aren't banned outright, but may be judged to be illegal if they mislead, are unduly aggressive, or in some other way lead to a consumer making a decision different to the one they would have made had they been treated fairly.

## New laws and what they cover

The Consumer Protection (from Unfair Trading) Regulations (CPRs) came into force in May last year. They implement the Unfair Commercial Practices Directive (UCPD), which applies to the promotion, sale or supply of any consumer products – not just cars. Detailed guidelines are available from the Office of Fair Trading (OFT) at [www.oft.gov.uk](http://www.oft.gov.uk).

The new regulations apply to selling goods and services, but don't encompass



**26** mystery shops

**12** poor showroom experiences

**4** dealers may have broken new rules

## IN BRIEF

In this report we help you to:

- spot misleading sales techniques
- understand the new consumer protection rules
- know what to do if you encounter a dodgy dealer

things such as finance deals or HP agreements, which are covered under the Consumer Credit Act and policed by the OFT. Retailers caught in breach of the regulations could face fines or even prison sentences for persistent, malicious or deliberately fraudulent breaches.

## Mystery shopping

Buying a car is one of the biggest single consumer purchases most of us make, so it's vital that retailers behave fairly. Franchised dealers have had ample time to get used to the new rules, so we thought it was time to test how they're selling new cars.

In October and November 2008, our mystery shoppers phoned and then visited 26 franchised dealers in four regions across England, following up on seven specific, advertised manufacturer offers.

We were looking for any breaches of the new regulations, but some practices are particularly relevant to new car sales, so we placed particular focus on two issues:

■ **BAIT-AND-SWITCH** When a dealer advertises a car, and tells you there is stock available, despite knowing it isn't. Their aim is to sell you an alternative.

■ **PRESSURE SELLING** When a salesperson gives false deadlines for an offer, ►►

or misleads a buyer in other ways about the product (saying stocks are running low, for example), in order to push a customer into making a purchase decision.

Our shoppers called dealers and asked about advertised offers. They behaved as a normal customer might, asking questions such as 'Is the offer still available?', 'are there any terms or conditions?', and 'do you have one I can look at?'.

They then went to the showroom to follow up their enquiry face-to-face.

### What we found

Our research showed it's difficult to determine what is an unfair tactic and what is misguided advice.

Of the 26 calls and visits we made, we thought 12 dealers were cagey, vague or made dubious comments. Of these, four could possibly be in breach of the new rules.

While some car dealers appeared to be ignorant of manufacturer offers altogether when we phoned, others gave us incorrect (early) dates for offers to finish. The latter could be a ploy to get a customer to visit the dealer sooner than they'd planned, and could potentially lead them to make a decision without having the full facts. If that were the case, it would clearly break the rules.

### Ignorance and errors mislead

There are several reasons why it could be tricky to pin down a dealer if you think you're being misled. The first is ignorance – since some sales staff don't seem to know about manufacturer offers, it's unlikely that they'll be able to accurately provide customers with details about them.

Another reason might be that the manufacturer had changed the offer – as was the case with a Peugeot offer, which



**'Consumers may be victims ... without being aware of it'**  
– Mike Haley

changed during our investigations. Peugeot extended its 'Go Ahead' offer, and one dealer gave the wrong information when we called, but the correct information when we visited the showroom later the same day.

Seemingly inadvertent errors like this could mean consumers are misled.

The same dealer said over the phone that it had two of the cars in the offer (Peugeot 207 S 1.4 VTi 3dr, advertised on Peugeot's website at £8,995) available for us to look at.

Just an hour and a half later in the showroom, we were told they didn't have that model in stock, and were shown a pre-registered car (a different specification, about one year old).

This might have been an attempt to get us through the door and then sell us the other model (bait-and-switch), but if so, it would be hard to prove definitively.

## Insider information

**Which? motoring expert David Evans visits some showrooms, and says car dealers need to lift their game**



At the start of my career, I spent five years working directly for franchised dealers, and after that I spent 13 of the last 22 years working for car manufacturers, some of this involving direct liaison with dealers, so I'm quite familiar with the sorts of practices that can go on in dealerships.

Before starting this research, I visited several car dealers myself to find out about some new-car offers. Stepping back into the showrooms, I didn't feel like much had changed.

An adversarial dread came over me as I anticipated what the sales person might 'try on'.

I phoned two Vauxhall dealers. The first assured me he had the £9,999 Astra 1.4 Breeze I was enquiring after (from an offer listed on the dealer's own website). The second dealer was advertising the same model in a local classifieds magazine, this time for £10,495.

On visiting the first showroom, the salesman asked me to take a seat while he 'checked stocks'. Without even disappearing from view, (he walked into a small office in the showroom, turned and came straight back out), he said he was very sorry, but they were all gone. He immediately went into full sales mode, offering me a used Astra, with several thousand miles on the clock, for the same price.

Ten miles up the road, the other Vauxhall dealer confirmed he had the Astra in stock on the phone, and when I visited, the salesman simply said, 'Yes, if

you'd like to follow me, I'll show you where they are.'

One experience felt like swimming with sharks, the other like I could easily have bagged a good deal on exactly the right car.

Next, I visited a Peugeot dealer, enquiring after the Peugeot 207 S 1.4 VTi 3dr, advertised on Peugeot's website at £8,995. The salesman dared to suggest that – in contrast to the rest of the car industry – this model was 'selling like hot cakes', so I felt pressured to put down my deposit.

Then there was the Ford salesman who said I would have to go away and bring back proof of the Ford website offer before he would consider doing a deal.

As a potential car buyer, I found the showroom experience frustrating and unpleasant in three of my four visits. It's unacceptable that some dealers get away with selling such an expensive and important item with such a vague supply of information, apparent ineptitude and pressure selling.



**One dealer told us that Peugeot 207s were 'selling like hot cakes'**

PHOTOGRAPHY ALAMY

### 'They're flying out the door'

One Jeep dealer strongly suggested its offer (a Jeep Patriot 2.4 Petrol Limited, advertised on the Jeep website with a dealer deposit contribution of £3,849) would finish at the end of the month (October). The Jeep website, where the offer was advertised, said it applied to any cars registered before December 31.

The dealer also told us that the model concerned was in high demand and that UK stocks were low: 'The only thing ... they're going very quick, I think there's only about 10 left in the country'.

He continued: 'they're just flying out the door, there's not many left at all. His presumed intent was to tempt us into an immediate purchase decision without more detailed consideration.'

We were very sceptical, given the current slack demand for 4x4s, so we checked to see what was available elsewhere. There were good discounts and no apparent shortage of this model from established online brokers such as Broadspeed and Drive the Deal.

So, while proving the dealer wrong would be difficult – especially for an individual – we simply didn't believe what the dealer told us.

### Consumer protection

We spoke to Mike Haley, Director for Consumer Protection at the OFT, who is responsible for enforcing the CPRs.

Mike told us: 'More than half of all complaints about car retailing come under the rules governing defective goods (the car not being fit for purpose in some way). The next biggest proportion (around 10%) relates to poor customer service and breach of contract. The numbers are smaller for verbal misrepresentation and misleading pricing, accounting for 4% or 5% between them.'

Mike added: 'But the number of complaints isn't necessarily representative of the true numbers – for example, many consumers may be victims, say of misleading pricing and verbal misrepresentation, without being aware of it.'

### How to make a complaint

The new CPRs don't just apply to car retailing, but to any aspect of buying and using goods and services.

If you have a grievance, the first step is to try and resolve it with the retailer. This is often the fastest, most efficient

way to deal with it. If you can't do that, or if your grievance is about an act carried out with malicious intent, such as pressure selling or serious and deliberate misrepresentation, you should contact Consumer Direct on 0845 404 0506 or at [www.consumerdirect.gov.uk](http://www.consumerdirect.gov.uk). Speak to an adviser, who will listen to your complaint and help you work towards a solution.

Consumer Direct is geared up to record and monitor more than 800,000 complaints each year, so if the retailer you are referring to has been the subject of complaints before, they'll know. Consumer Direct works closely with local trading standards offices country-wide, and if the adviser can't resolve the problem, it is referred to the local trading standards office.

Referrals to trading standards are automatic for some offences such as bait-and-switch, or other clearly misleading practices.

In our research, some retailers claimed ignorance of manufacturer offers, so we asked Mike about liability if the rules are breached in these cases.

He told us: 'If it requires intervention by trading standards, each case will be investigated and either or both [the dealer and manufacturer] could be found liable for acts that mislead or are detrimental to fair treatment of the consumer.'

### MEMBER BENEFIT

## Legal advice

**01992 822800**

**[www.whichlegalservice.co.uk](http://www.whichlegalservice.co.uk)**

If you have a problem with a car you've bought, contact Which? Legal Service for specialist advice over the phone. We provide unlimited telephone advice from professional lawyers – at just £39 a year for Which? members – offering you practical advice on a wide range of everyday problems, from car issues to holidays from hell. Call 01992 822828 or visit [www.whichlegalservice.co.uk](http://www.whichlegalservice.co.uk) for more details.

Mon-Fri 8.30am-8pm; Sat and bank holidays 9am-1pm. Please have your Which? membership number and daytime phone number to hand. Calls may be monitored or recorded for training purposes.



### Which? online Buying a car

If you're looking to buy or sell a car, don't forget to check out the Which? Car Buying Guide at [www.which.co.uk/carbuyingguide](http://www.which.co.uk/carbuyingguide) to find out exactly what you should be paying. Available only to Which? members, it contains our most in-depth assessment of hundreds of new and used cars. From

road tests and reliability data through to equipment specs and used car prices, it's the one-stop-shop for all your car-buying needs.



### WHICH? SAYS

#### It's hard to see how new consumer protection rules will be applied effectively

Our investigation was just a small snapshot and, by and large, what we saw wasn't terrible. But our mystery shoppers were still given some dubious advice, often in vague terms and with what we think were some misleading comments thrown in for good measure.

It's hard to see how the new consumer protection rules will be applied effectively. We think many of the issues we came across would go unnoticed by ordinary consumers, who could easily be taken in

by them. Those with enough savvy to spot they aren't being treated fairly are likely to walk away with a nasty taste in their mouths, but not report it. And because sales spiel can be vague, it may be difficult for an ordinary consumer to prove, one way or another.

The car retail industry needs to put its house in order, and work to make sure its sales force has the knowledge, skills and training to provide consumers with a full set of facts when they enquire about a car.

