IN NEED OF OVERHAUL

An analysis of the Scottish second hand car dealer licensing system

A Report for the Scottish Consumer Council
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Institute for Retail Studies
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CHAIRMAN'S PREFACE

Next to the purchase of a house, buying a car is likely to be the largest single purchase most people will make in their lives.

Buying a car seems to pose particular problems for consumers, with complaints relating to motor vehicles forming 13% of complaints received by citizens advice bureaux and consumer protection departments, and we know that these are only a small proportion of unresolved complaints in this area.

For consumers with no technical knowledge it is difficult for them to assess quality and value, particularly of second hand cars, and since buying a car is not a routine occurrence it is not easy to gather experience in this area.

The second hand car market is larger than the market for new cars, since by definition, new cars can be sold only once. It has been generally recognised that for the above reasons, the need for regulation is perhaps more acute than other areas of retailing, excluding consumer credit. However, in the United Kingdom reliance for this has largely been placed on voluntary self-regulation through the motor industry's Code of Practice. In Scotland, with the introduction of the Civil Government (Scotland) Act, 1982 which provided the authority for the establishment of second hand car dealer licensing, an opportunity was seen to enhance consumer protection and hence increase the level of consumer satisfaction in this area.

In 1985 the Scottish Consumer Council, with assistance from the European Commission and the National Consumer Council, commissioned Mark Gabbott of the Institute of Retail Studies at Stirling University to carry out a monitoring study of the licensing system. This Report sets out the findings of that study, and the detailed results are contained in a series of Market Reports published separately by the Institute of Retail Studies.

The licensing system for second hand car dealers in Scotland is a shambles. The voluntary nature of the system which only applies to dealers if their local authority has opted into the system; the varying conditions attached to licensing; and the confusion about who is responsible for enforcing the system, means that it is not making any real impact on trading practices in the second hand car market.
However, the Scottish Consumer Council does not believe that the case against a licensing system for second hand car dealers has been proved. We recommend changes in the way the system is administered by district councils, and we believe that the Convention of Scottish Local Authorities should take the lead in encouraging greater uniformity of practice among its members. We also make recommendations to central government for amendments to be made to the Civil Government (Scotland) Act, 1982. If we receive a positive response to these proposals, consumers in the second hand car market may even yet receive the full benefits that licensing can offer.

Barbara Kelly
Chairman

January 1989
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This research would not have been possible without the co-operation of the district councils in Scotland, the Scottish motor trade and Scottish consumers whose contributions were invaluable as were those of the Office of Fair Trading in the early stages of the research. Finally, thanks to Professor John Dawson and the staff of the Institute for Retail Studies at the University of Stirling.
INTRODUCTION

This report is the result of three years research carried out by Mark Gabbott of the Institute for Retail Studies at Stirling University on behalf of the Scottish Consumer Council. The aim of the research was to evaluate the impact of second hand car dealer licensing in Scotland. The investigation comprised a sequence of surveys among those people most affected by the introduction of licensing. These were principally the district councils who administer licensing, second hand car dealers and consumers. The research also included interviews with other agencies involved in the operation of second hand car dealer licensing to assess how it complemented, or otherwise, existing consumer protection efforts.
SUMMARY OF FINDINGS

1. THE ADMINISTRATION OF SECOND HAND CAR DEALER LICENSING

The legislation makes it clear that the licensing of second hand car dealers is an optional activity for district councils. Given the limited resources in local government it is understandable that under 50% of district and island councils in Scotland undertake licensing.

The interpretation of section 24(3)(d) of the Civic Government (Scotland) Act, 1982 is a major reason for the diversity in licensing practice. In some cases all car dealers require a licence while in others dealers who hold a new car franchise are exempt. This situation causes confusion among dealers and enforcement agencies and severely limits the effectiveness of licensing.

Most district councils make use of the information held by police and trading standards departments in assessing the suitability of licence applicants. However this information is limited in most cases to "relevant" criminal convictions. More subjective information is prohibited from being communicated.

The lack of uniformity is emphasised by the licence conditions which have been attached to licences by district councils. While all require records to be kept (though not all in the same form), 14 district councils require pre-sales inspection reports to be displayed and 3 district councils require full compliance with the Motor Industry Code of Practice.

Licensing authorities see their role as reactive rather than proactive. Once a licence is issued their responsibility ends. This rests upon the assumption that licensing is being enforced by the police and by consumer protection and trading standards departments. The fact that it is not shows a lack of communication with enforcement agencies and in most cases a disregard for the effectiveness of licensing in their district.

The police and consumer protection and trading standards departments have limited resources with which to carry out their present duties. The police point to the low priority attached to licensing of second hand car dealers while remaining in favour of it in principle. Consumer protection and trading standards departments also point to the opportunities presented by licensing but they are not authorised to enforce its provisions.

The main features of district council administration of the licensing of second hand car dealers are: a lack of uniformity, a lack of monitoring and control and a refusal to make use of the sanctions available to them which is
principally the power to withdraw licences. The present licensing systems
despite being established by Act of Parliament are no more than a voluntary
registration scheme.

2. EXPERIENCES OF SECOND HAND CAR DEALERS
IN RELATION TO THE LICENSING SYSTEM

There is evidence from the sample of dealers interviewed that dealers are
operating within licensing areas without holding a licence.

Among dealers who hold licences there was considerable ignorance about the
conditions with which they are expected to comply. Only 7% of licensed
dealers are complying with the condition to provide pre-sales inspection
reports.

The most onerous condition which would have a major impact upon the day to
day operation of second hand car dealers is compliance with the Motor
Industry Code of Practice. Of those dealers who operate within an area
which has such a condition only 10% are complying with it. All of these
dealers were complying with the code before licensing made it mandatory.

The low number of enforcement visits experienced by dealers may explain low
rates of compliance. Dealers have no clear idea of who enforces licence
conditions and enforcement visits for licensing purposes may be overstated
because of confusion about the purpose of visits by trading standards
officers and police officers.

Licensed dealers do not seem to be incurring any extra costs except the cost
of the licence as a result of holding a second hand car dealer licence.

84% of licensed dealers felt that holding a licence had no impact upon the
quality of the second hand cars they sell or their attitude towards consumer
complaints.

88% of licensed dealers felt that second hand car dealer licensing was having
no impact upon any aspect of their day to day trading behaviour.

Car dealers are in favour of licensing because it improves the image of the
motor trade and protects reputable dealers from unfair competition. However
only 7% of dealers advertise the fact that they hold a licence.

Car dealers support the extension of licensing to all types of car dealers
and to all districts in Scotland and the rest of the United Kingdom.
Standardising conditions would solve the problems encountered by the larger
multi-outlet dealers.

Dealers are not in favour of keeping the system as it is.
3. EXPERIENCES OF SECOND HAND CAR PURCHASERS IN RELATION TO THE LICENSING SYSTEM

Consumers view the purchase of a second hand car from a dealer as a protected purchase either because they are aware of their statutory rights or because they value a guarantee.

When searching for a car, younger consumers (under 25) have in mind a particular type of car and search for it over a relatively large geographical area and over a number of weeks. Older consumers (over 40) do not have a particular car in mind and limit their search to a small number of dealers, to a small area and a relatively short period of time.

Licensed dealers are neither giving longer guarantees to consumers nor showing a higher than average tendency to give written guarantees as opposed to verbal guarantees.

Of consumers who purchased from a dealer required to display pre-sales inspection reports, only 4% noticed such a report on the vehicle, although 11% noticed some form of written material relating to the condition of the car.

The mean prices of cars purchased from licensed dealers are no more or less than those purchased from unlicensed dealers.

49% of purchasers of second hand cars contacted the dealer with a complaint about the vehicle. There is no evidence to suggest that the nature or frequency of complaints have any relation to whether or not the dealer holds a licence from the local authority.

Refusal to do anything about a consumers’ complaint was not differentially associated with either licensed or unlicensed dealers.

Only 10% of consumers who have unresolved complaints against second hand car dealers actually seek help or advice in connection with the complaint.

There is no evidence to suggest that consumers who purchased cars from licensed dealers had any better experiences upon complaining than those who purchased from unlicensed dealers.

In all cases satisfaction with the purchase is dependant upon the absence of any complaint about the car. Licensed dealers are not associated with selling cars resulting in a lesser number of complaints than any other dealer. Satisfaction levels are therefore similar.

Consumers are in favour of a licensing system for second hand car dealers. Consumers who had reason to complain about their car were much more in favour of licensing than those who had not complained, as would be expected.
77% of consumers would prefer to purchase from a licensed dealer, associating licence possession with honesty and good service.

The research into consumers' experiences of purchasing and complaining about second hand cars detected no evidence that the licensing of second hand car dealers had made any impact at all.
CHAPTER ONE  THE SECOND HAND CAR MARKET

The motor industry is an important retail sector in most developed economies. Its operation affects the economic interests of many millions of people in both manufacture, distribution and retailing. One significant feature of the motor industry is the existence of a parallel market for second hand products. The second hand car market is defined as the market for any car which is not new.

In the United Kingdom a report by the Office of Fair Trading(1) pointed out that while over 1 million new cars were registered to private individuals every year, over 3.5 million used cars were sold annually with at least 40-45% being sold by car dealers. The remainder are sold privately. Information from the Driver and Vehicle Licensing Centre and from the trade suggests that the market is considerably bigger, approximately 5.5 million used cars sold in 1986-7 of which over 2 million were sold through dealers. Ignoring vintage and collectors' cars the second hand car has a lower value than the new car but the product can be resold a number of times. Therefore the second hand car market is likely to have a value far in excess of the new car market. In terms of volume and value the used car market in the United Kingdom is significantly larger than that for new cars.

The majority of second hand cars are supplied to the consumer through two types of retail outlet. The franchised car dealer typically operates from a garage with a showroom and service facility and will sell new cars from the manufacturer from whom he holds a franchise. The new car operation will require considerable investment by both dealer and franchisor in the premises. The second hand car business operates alongside the selling of new cars and the sales will normally be supplied through cars traded-in for new cars and trade purchases of other second hand cars. The second type of retail outlet is the business which sells only second hand cars. In some cases this too is operated from a showroom but typically the second hand car dealer operates from a forecourt. There is generally lower investment in premises and service facilities. The stock for this type of business is supplied through trade purchases and with less reliance upon the resale of traded-in vehicles. As a rule dealers in only second hand cars handle vehicles with a lower average value than dealers in both new and second hand cars.

For the consumer the purchase of a car is likely to be the second largest unit purchase after a home and represents a considerable investment. But this market presents a number of problems for consumers associated with both the product and the supplier. In the new car market one car of a particular make and model is comparable to any other of the same make or model both in appearance (the seen part of the product) and in condition (the unseen part of the product such as the engine, brakes, gearbox etc.). In the second hand car market this is not the case. There are a number of features of second hand cars which make them not comparable in all but the most superficial sense. In particular, the history of the car, how it has been driven, how it has been serviced, where it has been stored and whether it has
been involved in any accidents are all relevant factors which may affect the condition of the car. There is also a relatively high degree of consumer ignorance about cars in general and many people base their purchase decisions upon very limited criteria.

As a result of both the lack of product information held by consumers and the high value of the product, there is considerable scope for unfair trading practices in this market which could severely affect the economic interests of consumers. In 1987, the Office of Fair Trading, who collate the type and number of complaints received by consumer advice agencies, put the level of reported complaints about second hand motor vehicles at over 11% of all complaints about goods and services.(2)

At present consumer protection in the second hand car market is achieved in three different ways. The criminal law prohibits car dealers from engaging in criminal activities such as turning back the milometer (clocking), making false descriptions about cars to the consumer, or selling cars which are unroadworthy. The civil law relating to the sale of goods requires cars like any other goods to be of merchantable quality. If they are not of this standard then the purchaser may return the goods and/or claim damages. Finally the Office of Fair Trading oversees the operation of a voluntary code of practice which is binding upon members of the Motor Agents Association, and the Society of Motor Manufacturers and Traders in England and Wales and in Scotland upon members of the Scottish Motor Trade Association.

Each of these approaches have their problems. The criminal law requires considerable resources to enforce and often a court fine is offset by an accused person against the profits to be gained from breaking the law, which may be considerable in this market. The civil law puts the burden of proof upon the consumer, requiring the purchaser to prove that the product was not of merchantable quality. Consumer rights are not assisted by the obscurity of the term "merchantable quality", and recent appeal cases have served to leave this phrase open to wide interpretation by the courts. The code of practice which has the potential to provide wide ranging control over trading practice is voluntary and applies only to members of the trade associations.

Consumer protection in Scotland in relation to the second hand car trade was similar to the rest of the United Kingdom until the passing of the Civic Government (Scotland) Act in 1982 presented an additional opportunity for consumer protection based on a system of licensing of second hand car dealers.

References


CHAPTER TWO  THE CIVIC GOVERNMENT (SCOTLAND) ACT, 1982

This Act contained a wide variety of provisions dealing with local government administration. As such, it did not have a single purpose and its parts deal with a variety of issues such as the control of sex shops, powers of constables, public processions, lost property, building repair, charities and control of the seashore. Among these topic areas was the introduction of powers for local authorities to licence a number of activities. One of these was dealing in second hand goods. The Act identified each district and island authority as a licensing authority for the purposes of the Act. Licensing would only operate, however, if and when the district or island council made a resolution adopting the licensing powers. The resolution would specify which particular activities were to be licensed and the terms and conditions attached to the licence. Once adopted all persons engaging in the specified activity within the local authority would require a licence; trading without one would be a criminal offence.

At the time this legislation was passed, local government was experiencing a reduction in funding from central government. As a result of this and the optional nature of the licensing powers, there was little impetus for the adoption of second hand car dealer licensing by local authorities. This was emphasised by a circular from the Scottish Office No. 6/1983 which stated:

"The Secretary of State shares the view expressed in Parliament that licensing for the optional activities (of which second hand car dealing is one) should be introduced only where it is shown to be necessary to prevent crime, to preserve public order or safety, or protect the environment. The purpose of licensing is not to restrict trade or competition. In the Secretary of State's view the only instance of a prima facie case of almost universal licensing is that of the taxi and hire car trades." (Circular Appendix A, Para 2.5). (Author’s emphasis)

Those authorities who have not adopted licensing point to the view that if licensing is not recommended or encouraged, and there is no demonstrable need, then there is little justification for taking on extra responsibility especially in a situation where resources are limited. Demonstrable need appears to be subject to a wide variety of interpretations among district councils.

Whether or not to adopt licensing is an individual decision for each local authority. As a consequence the first major feature of the licensing of second hand car dealers in Scotland is the existence of both licensing and non-licensing authorities. The second major feature is the wide variation in licensing systems adopted. While the legislation laid down the administrative procedures for all licensing systems, in a number of important respects there was scope for the local authority to exercise some discretion. The absence of co-ordination between licensing authorities about how this discretion was used has meant that where licensing systems for second hand car dealers have been introduced there are very few common features.
CHAPTER THREE  OPERATION OF SECOND HAND CAR DEALER LICENSING

As part of the research project, a survey of all district councils who licence second hand car dealers was carried out. This chapter reports the main results of this survey. The full details are contained in Working Paper 8606: Second Hand Car Dealer Licensing in Scotland (see Appendix B). The information has been combined with the results of a 6 monthly monitoring exercise and a series of interviews with district councils, the police and consumer protection and trading standards departments (see Market Report No 5, Appendix B).

3.1 System Introduction

At present (1988) 26 local authorities in Scotland operate licensing schemes for second hand car dealers. The majority of these were introduced very soon after the Act was passed and two district councils introduced systems recently. A list of licensing authorities appears in Table 1 (page 5) which also indicates the number of second hand dealer licences in force in each licensing area.

As indicated by Figure 1 (page 7) the licensing areas cover the main population centres of Scotland where the vast majority of second hand car sales take place.

There is some consensus among those authorities who are licensing about the reasons why it was introduced in their area. These concentrate upon the possible contribution of licensing to a reduction in crime, particularly theft and fraud, and the protection of their ratepayers from unfair trading.

When the licensing of second hand car dealers was introduced there was a significant lack of information provided by the licensing authorities to prospective licensees. At best, letters were sent to car dealers listed in the "Yellow Pages" informing them of the decision to adopt licensing. At worst, the council assumed that publishing the minutes of the licensing committee was sufficient to inform all those who needed to know. This lack of information is detected in the experiences of second hand car dealers.

While the Act allows for the licensing of second hand dealers it also specifically exempts

"carrying on a business as a dealer in second hand goods or articles incidentally to another business not being that of a dealer in such goods or articles" section 24(3)(d) of the 1982 Act.

In the motor trade the distinction between major and incidental business is not clear, and this has led to confusion about the interpretation of section 24(3)(d) of the Act.
### TABLE 1  NUMBER OF SECOND HAND CAR DEALER LICENCES IN EACH LICENSING DISTRICT IN SCOTLAND

<table>
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<tr>
<th>District Council</th>
<th>Number of licences at end of 1987</th>
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<tbody>
<tr>
<td>Aberdeen City</td>
<td>40*</td>
</tr>
<tr>
<td>Bearsden &amp; Milngavie</td>
<td>3</td>
</tr>
<tr>
<td>Clackmannan</td>
<td>8</td>
</tr>
<tr>
<td>Clydebank</td>
<td>not available</td>
</tr>
<tr>
<td>Cunninghame</td>
<td>34</td>
</tr>
<tr>
<td>Dundee City</td>
<td>96*</td>
</tr>
<tr>
<td>Dunfermline</td>
<td>26*</td>
</tr>
<tr>
<td>East Kilbride</td>
<td>6</td>
</tr>
<tr>
<td>Eastwood</td>
<td>5*</td>
</tr>
<tr>
<td>Edinburgh City</td>
<td>79</td>
</tr>
<tr>
<td>Ettrick &amp; Lauderdale</td>
<td>30</td>
</tr>
<tr>
<td>Falkirk</td>
<td>11</td>
</tr>
<tr>
<td>Glasgow City</td>
<td>52</td>
</tr>
<tr>
<td>Inverclyde</td>
<td>21</td>
</tr>
<tr>
<td>Inverness</td>
<td>34</td>
</tr>
<tr>
<td>Kilmarnock &amp; Loudoun</td>
<td>71</td>
</tr>
<tr>
<td>Kirkcaldy</td>
<td>66*</td>
</tr>
<tr>
<td>Midlothian</td>
<td>19</td>
</tr>
<tr>
<td>Monklands</td>
<td>4*</td>
</tr>
<tr>
<td>North East Fife</td>
<td>28</td>
</tr>
<tr>
<td>Nithsdale</td>
<td>9</td>
</tr>
<tr>
<td>Perth &amp; Kinross</td>
<td>117</td>
</tr>
<tr>
<td>Renfrew</td>
<td>3</td>
</tr>
<tr>
<td>Stirling</td>
<td>4</td>
</tr>
<tr>
<td>Tweeddale</td>
<td>13</td>
</tr>
<tr>
<td>Western Isles</td>
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* Indicates 1986 figure, updated figures not available

The franchised dealer whose main business is the selling of new cars can take advantage of this exemption. Some local authorities have accepted this argument and consider franchised dealers exempt, on the basis that the second hand car part of their business is incidental to the main business of selling new cars. Other authorities use a 50% cut-off, if the second hand car part of the business accounts for less than 50% of the total then it is assumed to be incidental to the main business and the dealer is exempted from holding a second hand car dealer's licence. Other authorities take the view that selling second hand cars means that they are a second hand dealer as well as
a new car dealer and however incidental the business they require a licence. The interpretation contained in Scottish Office Circular No. 6/1983 Appendix A, Para 2.61 does not provide any clear guidance:

"Section 24 provides, subject to subsection (3) . . . that no licence is required. . . . for businesses where dealing in second hand goods or articles is incidental to the main business which is not in such goods (for example, where multiple stores take used articles in part exchange against new articles)".

The legislation which introduced the licensing of second hand car dealers in Scotland was not drafted with uniformity in mind. It allowed for the introduction to be optional, it allowed authorities some discretion in the design of some major elements of the system and did not define clearly to whom second hand dealer licensing should be applied.
Figure 1 Geographical Distribution of District Councils Operating Licensing Schemes for Second Hand Car Dealers

[Map showing licensing districts in Scotland]
3.2 Licence Application and Issue

Vetting of Applicants

The main duty of the district council upon receiving a licence application is to establish whether or not the applicant is a fit person to hold a licence. This process involves taking references from both internal and external sources. Precisely which sources of information are used is at the discretion of the local authority. If it is considered, on the basis of the information received, that the person is not a fit person to hold the licence then the local authority can refuse to issue one. There is a statutory appeal procedure in this event.

The main internal sources of information used to establish a potential licensee’s fitness are:

- Previous Applications: To establish whether or not the applicant has been refused a licence in the past.
- Planning records: To establish business use of the premises.

Other internal information sources used include references to local councillors and to Environmental Health Officers.

The most important contribution to the establishing of fitness to hold a licence comes from external bodies in particular the police and consumer protection and trading standards departments. However not all districts seek information from these sources. The police collate information from the Police National Computer concerning the applicant’s criminal record. In some cases the applicant is visited, not only to establish identity but to check upon the implications of licence issue for the premises involved, for instance potential traffic problems and the impact upon local residents.

It would be anticipated that the consumer protection and trading standards departments of the regional councils would be the most valuable source of information about the activities of second hand car dealers. As the local government agency responsible for consumer protection they enforce legislation relevant to the motor trade and deal with individual consumer complaints. There is however a problem in the passing of information relating to their activities through to the licence authorities. In the first instance information obtained during the course of an investigation under the Trade Descriptions Act, 1968 cannot be passed to any other body. Section 28(5)(b) states:

"If any person discloses to any person . . . any information obtained by him in pursuance of this Act he shall be guilty of an offence".
Most offences in respect of second hand car dealers (in particular "clocking" and applying false or misleading descriptions) fall under this legislation and so the information cannot be passed on.

Simply removing this statutory restriction would not resolve the situation. Information about complaints is subjective. Consumer protection and trading standards departments receive a large number of complaints, some of which are unjustified. To pass on details of all complaints received would not be a fair representation of a dealer's activities. In fact the only information which can be unequivocally passed to the district councils are details of convictions for criminal offences. It would be beneficial if the restriction on the passing of information contained in the Trade Descriptions Act, 1968 exempted the sharing of information relevant for enforcement purposes. It is a major inefficiency in the system that valuable information which could be used to benefit consumers cannot be shared between agencies.

Cost and Duration of Licences

There are wide variations in the cost and duration of licences. The legislation allows the licensing authority to charge such fees as cover the expenses of administering the licensing system. The duration of licences varies between authorities from one to three years. On a cost per year basis the licence fee varies from £40 to £1.60 per year. Licensing authorities do not seem to have used any specific formula in setting the level of licence fees. The cost of a licence bears no relation to the amount of licensing or enforcement activity in the district.

3.3 Licence Conditions

The conditions attached to the licence provide the basis of control over the licence holder's activities. If a licensee fails to comply with a licence condition then a criminal offence is committed and the licence could be withdrawn. This would prevent the individual from carrying on a business as a second hand car dealer within the local authority area.

Conditions Specified in Statute

The district councils who decided to undertake the second hand car dealer licensing had considerable scope in the type of conditions attached to each licence. The legislation only refers directly to the licensing of second hand car dealers by requiring them to keep a record of the mileage of all vehicles they handle. Licensing authorities may specifically exempt certain classes of licence holders from a further statutory condition which prohibits the disposal of second hand goods within 48 hours of receipt. Most have lifted this requirement for second hand car dealers.
All licensing authorities have made use of the powers under section 24(4) which allow the authority to require licence holders to keep records. The information required to be kept by all licensed second hand car dealers relates to:

- date and time of purchase of vehicle
- registration number of vehicle
- chassis and engine number of vehicle
- name and address of purchaser

The local authority can specify extra required information, in what form the records are kept, and where and for what period the records must be kept before being destroyed. In many cases this information will already be kept by second hand car dealers for the purposes of VAT inspection.

**Optional Conditions**

The legislation allows licensing authorities to attach such reasonable conditions to the licences it issues as it thinks fit. This power to attach conditions presents a major opportunity for the control of trading practices within the second hand car sector. The two main licence conditions which have been applied under the optional powers are:

(a) the requirement to provide pre-sales information;
(b) the requirement of compliance with the Motor Industry Code of Practice.

(a) Pre-Sales Information

The provision of pre-sales information has long been an issue upon which consumers, car dealers and enforcement agencies have disagreed. In essence, pre-sales information consists of a sheet of particulars listing any faults detected in the car and any repairs that have to be carried out by the purchaser. This information sheet appears on the car when displayed for sale. The purpose is to alert potential buyers to faults discovered and also provide evidence that parts have been replaced. A requirement for pre-sales inspection checklists appears in the Motor Industry Code of Practice but this particular requirement has never been actively supported. A survey of the UK in 1986 by the Office of Fair Trading found that only 20% of dealers who were required to adhere to the code by virtue of their membership of a trade association actually displayed the checklist. (3)

A circular by the Society of Directors of Administration to its members, whose departments are responsible for licensing functions, included a recommendation that a requirement for pre-sales information be included in licence conditions. It also included a pro forma of a recommended information sheet and this appears as Appendix A to this report. A total of 14 licensing authorities (just over half of all licensing authorities) include this as a licence condition.
(b) Compliance with the Motor Industry Code of Practice

All members of the Scottish Motor Trade Association are required to comply with the Motor Industry Code of Practice drawn up in consultation with the Office of Fair Trading in 1976. Although it has no legal status it contains over 60 provisions covering sales of both new and used cars, parts and accessories, servicing and repair work. Membership of the Scottish Motor Trade Association is concentrated amongst the franchised dealers (dealing in new and second hand cars) rather than dealers in only second hand cars.

Three district councils have included a requirement that the licence holder comply with the Code of Practice. This gives statutory effect to the Code of Practice which in the rest of the UK is voluntary and only applies to trade association members. The provisions of the Code take on the identity of licence conditions. Failure to comply is a criminal offence and the licence to trade could be withdrawn. As noted above the Code includes a requirement to provide a pre-sales inspection report on all second hand cars. As such the inclusion of this condition by the local authority duplicates the requirement for pre-sales inspection reports. This is the most onerous of all licence conditions and characterises the most rigorous of licensing systems.

3.4 Enforcement

This is one of the most important issues to arise from this research. While the district councils in their role as licensing authorities may include all or none of the conditions outlined above, the impact of licensing upon both second hand dealers and consumers depends upon enforcement.

In order to be in a position to enforce the licensing system it is essential that all those required to hold a licence actually do hold a licence. The first problem is in interpreting the exemption which appears in section 24(3)(d) of the Act. This will determine which car dealers are to be licensed. Once a common approach has been achieved it would seem reasonable that all dealers who do not fall under the exemption should then be licensed. Once unlicensed trading is removed then licence conditions can be enforced.

With few exceptions the district councils who undertake licensing believe that they have no enforcement role. The pervading attitude is one of reactive licensing: it is the opinion of the majority of licensing authorities that their role is to respond to licence applications and to follow the issuing procedure. They should not elicit licence applications or involve themselves in identifying unlicensed trading. One district council was of the view that they were prevented by law from telling a second hand car dealer that they required a second hand car dealer licence. This resulted in a policy of not sending reminders to second hand car dealers when their licences expired. Some district councils do not see any inconsistency in issuing a total of 2 or 3 licences to second hand car dealers in their area. This negative attitude to enforcement severely undermines the
operation of second hand car dealer licensing in Scotland. On the other hand, it is worth noting that two local authorities employ their own enforcement officers to police all their licensing functions.

This reactive attitude to licensing rests upon the assumption that enforcement is being carried out by the local police and consumer protection and trading standards departments. Enforcement involves identifying unlicensed trading and requiring compliance with licence conditions.

**Role of the Police in Licence Enforcement.**

The local authority view is that the police play a major role in enforcing the licensing systems they operate. However the police themselves see enforcement as very low priority if carried out at all. One police authority had never even heard of second hand car dealer licensing. There appears to be two problems. Firstly, the local authorities who licence do not appear to have informed the police of this. The police have no clear idea of which local authorities in their region are licensing second hand car dealers and what conditions apply in each district. Secondly, according to the police, there has been no formal request by district councils that they should enforce the licensing system on their behalf and as a consequence there has been no allocation of resources to the relevant divisions. In contrast to the referencing function carried out by the police, enforcement is at a very low level. There was little evidence of any liaison between the referencing and enforcement function of the police.

**Role of Trading Standards Departments in Licence Enforcement.**

The trading standards departments are not authorised to enforce the licensing provisions of the Civic Government (Scotland) Act 1982. The regional councils would not appear to be sympathetic to their officers enforcing legislation that is not their responsibility. Because trading standards officers visit car dealers’ premises in the course of their duties they may pass on information to the district council with respect to unlicensed trading but that is the limit of their involvement.

As a result of the reliance by licensing authorities upon almost non-existent enforcement, the first enforcement criterion of having every dealer licensed is not met. This undermines the district council sanction of withdrawing a licence. Since licensing was introduced in Scotland only 3 licences have been withdrawn. These withdrawals have been due to the dealer being convicted of a criminal offence relevant to the motor trade, the conviction being communicated to the licensing authority. There have been no licences withdrawn or renewals refused because of non compliance with licence conditions. In general, district councils are reluctant to use this sanction although there have been a number of committee hearings warning a dealer that his licence was in jeopardy.
While the district councils who undertake licensing maintain that enforcement is being carried out, in reality it is not. The police are the primary enforcement agency since they at least are authorised to enforce the licensing provisions of the Act. But, as a result of manpower shortage, lack of accurate information about licensing practice and other higher priority demands upon their resources, enforcement is not being carried out. Trading standards departments are in the peculiar position of being involved with car dealers on a day to day basis, enforcing the main criminal and consumer protection legislation, yet not being authorised to enforce the provisions of the Act, although many would like to see greater involvement. Trading standards departments do undertake some enforcement by passing on information about unlicensed trading to the Procurator Fiscal. This is on an informal basis, often in connection with other offences.

Reference

3. Op Cit note 1
CHAPTER FOUR IMPACT OF SECOND HAND CAR DEALER LICENSING UPON SECOND HAND CAR DEALERS

This part of the report is based upon interviews with 253 second hand car dealers in the central belt of Scotland. It included both franchised and non franchised dealers operating in both licensing and non licensing areas. This part of the report presents the main findings of this survey. Full results appear in Market Report No 6 in Appendix B.

The survey addressed a number of issues in relation to second hand car dealer licensing:

* To what extent second hand car dealers are participating in licensing. Whether there are unlicensed dealers in licensing areas and if so the reasons why;

* The extent of knowledge about licensing systems among dealers who hold licences and those who do not;

* The extent to which licensed dealers are complying with the conditions laid down by the local authority, in particular, those conditions which require either compliance with the code of practice or the provision of pre-sales inspection reports on second hand vehicles;

* The attitude of dealers to licensing as a policy. Specifically, the perceived costs and benefits of complying with licence conditions and whether these are passed on to consumers.

4.1 Dealer Participation

90% of the second hand car dealers interviewed knew that some district councils in Scotland were operating a licensing system. When asked whether their local authority licensed second hand car dealers 66% of dealers correctly identified their local authority as either licensing or non licensing. The remaining 34% of those dealers who knew of licensing either indicated they did not know the policy of their local authority or placed it in the wrong category.

Of those dealers who correctly identified their local authority as licensing second hand car dealers, 18% did not hold a licence. The reasons given were that the dealer was never told he/she may need one and never felt motivated to apply for one because they were not legally required to. Evidence of this for the dealers rested upon the fact that not every dealer held a licence. The motor trade is a fairly close community and information travels quickly.

The research identified a great deal of confusion among second hand car dealers about licensing and what it meant for them. Generally licensing is not seen as important by dealers. However, a significant increase in
knowledge and in licence possession was observed in areas where the district
council had contacted dealers directly and informed them of the local
licensing system.

For the majority of dealers not involved in second hand car dealer licensing
the only experience of licensing systems is consumer credit licensing already
in operation nationally. There did appear to be some confusion about how
second hand car dealer licensing was different. 41% of dealers who operated
in non licensing areas thought that a second hand car dealer licence would
control the type of credit offered by the dealer. The uninvolved dealers
were also asked what they thought a licensing system would control. There
was a significant tendency for the larger franchised dealers who operated
over four retail outlets selling mainly new cars to indicate that they
thought licensing covered pre-sales inspection and compliance with the code
of practice. This suggests that among these dealers specific knowledge is
quite high. Smaller dealers, especially those dealing only in second hand
cars, were more likely to indicate that licensing was a comprehensive policy
and that it covered just about every aspect of trading behaviour.

4.2 Compliance with Licence Conditions by Licence Holders

The main finding in relation to licence conditions was the very low level of
knowledge among licensed second hand car dealers about the duties licence
possession implied.

All licences issued to second hand car dealers by the 25 licensing
authorities require the licence holder to keep specified records about the
cars they buy and sell. 20% of dealers who held a licence did not know that
this was a licence condition.

The provision of pre-sales information to consumers is considered to be an
important licence condition. In those districts that included this as a
licence condition only 30% of licence holders knew of it. 17% of licence
holders in areas which did not include this as a condition thought that they
were required to display it although subsequent questions identified that
they did not comply with the requirement.

Knowing that pre-sales inspection reports were required was no guarantee that
the dealer would provide it. In fact only 67% of dealers who correctly
identified it as a licence condition complied with it. In total 7% of
dealers who are required to display this information are actually putting it
on their second hand vehicles.

The most demanding licence condition is the requirement that dealers comply
fully with the Motor Industry Code of Practice. In total 10% of all
licensed dealers in areas where this was required correctly identified it as
one of their licence conditions. When asked whether they complied with the
code (including the provision of pre-sales inspection sheets) all but one
dealer indicated that they were. A later question which asked whether they actually displayed pre-sales inspection sheets revealed that over one third had given an inconsistent response.

The impact of code of practice compliance as a licence condition would be felt most acutely by a second hand car dealer who was not already complying with the code of practice because of membership of the trade association. All but one dealer in the complying group were already members of the trade association and therefore bound to comply. The one non member of the trade association indicated that he did not comply.

4.3 Impact of Licensing upon Trading Practice

This section concentrates upon three key issues:

- Whether licence compliance is perceived to incur any costs additional to the cost of the licence.

- Whether licensing has had any impact upon the quality of second hand cars sold.

- Whether or not licensing is perceived to be having any impact upon the dealer’s day to day business.

81% of licence holders thought that there was no extra cost incurred by them in complying with their licence conditions. This is not surprising given the small number of licence holders who were actually complying with the licence conditions. Those dealers who did identify an extra cost pointed to a variety of cost sources including time with enforcement staff and preparation of pre-sales inspection reports. Many of these dealers indicated at other points of the questionnaire that they had not received an enforcement visit and did not display the inspection reports. There would appear to be minimal additional costs due to licensing being experienced by car dealers, consequently the amount of extra cost passed onto consumers because of licensing is perceived to be very low if anything at all.

84% of licence holders did not think that licensing had improved the quality of their cars. Compliance rates must have an impact upon responses to this question.

88% of dealers thought licence possession had little or no effect on the day to day operation of their business and thought that licensing was having little or no impact upon the motor trade in general. Those who did identify an impact were not located in any particular licensing area. Licence holders do not consider licence possession to be an intrusion upon their business practice and as a consequence licence possession cannot be seen as having changed trading behaviour. This result is consistent with that of the consumer survey which showed little discernible differences in the purchase experience associated with licensed and non licensed dealers.
4.4 Enforcement

Only 30% of dealers who held a licence claimed to have received a visit from an official to check whether they were complying with the licence conditions. The identification of that official ranged from planning officers, trading standards officers, police officers and unidentified officers from the district council.

69% of dealers thought that trading standards officers were responsible for enforcement, 10% identified the police as the enforcement agency, and 4% thought that the motor trade was responsible for enforcing licensing.

4.5 General View of Licensing by Second Hand Car Dealers

Dealers were asked their opinions about the usefulness of the system and about characteristics of its operation. Table 2 shows the dealer's evaluation of the impact of second hand dealer licensing upon a number of aspects of the motor trade.

<table>
<thead>
<tr>
<th></th>
<th>Good Effect</th>
<th>No Effect</th>
<th>Bad Effect</th>
<th>Don't Know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer relations</td>
<td>60</td>
<td>35</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Vehicle quality</td>
<td>49</td>
<td>49</td>
<td>0.5</td>
<td>1</td>
</tr>
<tr>
<td>Protecting good dealers</td>
<td>69</td>
<td>30</td>
<td>0.5</td>
<td>1</td>
</tr>
<tr>
<td>Image of motor trade</td>
<td>74</td>
<td>24</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Profitability</td>
<td>18</td>
<td>71</td>
<td>9</td>
<td>2</td>
</tr>
<tr>
<td>Overheads</td>
<td>3</td>
<td>68</td>
<td>26</td>
<td>2</td>
</tr>
<tr>
<td>Control of motor trade</td>
<td>64</td>
<td>31</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Business expansion</td>
<td>22</td>
<td>70</td>
<td>5</td>
<td>2</td>
</tr>
</tbody>
</table>

Over 70% of car dealers believe that licensing is a good idea and is seen as a good way to control the second hand car sector. There is a general recognition that licensing is good for the image of the motor trade and is perceived to be good at protecting reputable dealers from unfair competition. This belief is promulgated even by dealers who are quite obviously not
complying with licence conditions or licence possession. Indeed, Table 3 indicates that over 70% of dealers would support the extension of second-hand car dealer licensing to all car dealers. There is an underlying belief that licensing benefits the image of the motor trade without having any impact at all on trading practice or profitability.

**TABLE 3 DEALERS’ VIEWS ON POSSIBLE DEVELOPMENTS WITH RESPECT TO SECOND HAND CAR DEALER LICENSING (ALL FIGURES % OF 253 RESPONDENTS)**

<table>
<thead>
<tr>
<th>Extension</th>
<th>For</th>
<th>Against</th>
<th>Don’t Know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extending licensing to all authorities in Scotland</td>
<td>77</td>
<td>13</td>
<td>10</td>
</tr>
<tr>
<td>Extending licensing to the whole of the UK</td>
<td>76</td>
<td>13</td>
<td>11</td>
</tr>
<tr>
<td>Extending licensing to all types of car dealer</td>
<td>78</td>
<td>14</td>
<td>8</td>
</tr>
<tr>
<td>Disband the system completely</td>
<td>11</td>
<td>79</td>
<td>10</td>
</tr>
<tr>
<td>Keep the present situation</td>
<td>13</td>
<td>75</td>
<td>11</td>
</tr>
</tbody>
</table>

The larger dealers made the point that operating a number of retail outlets presented significant problems. In some areas they needed a licence and in others they did not, and where they did need licences for different outlets each outlet may have to comply with different licence conditions. This had implications for staff training and ultimately compliance rates since staff moved from one outlet to another. Standardising the conditions and making licensing compulsory for all car dealers in all areas would solve these problems.

Dealers in exclusively second-hand cars were more pessimistic about the state of the market than dealers in both new and second-hand cars (the franchised dealers). Dealers in only second-hand cars were also significantly associated with the belief that the motor trade had more controls over it than other retail sectors and that the level of protection afforded to consumers when purchasing a used car was far too high.
CHAPTER FIVE  EFFECTS OF LICENSING UPON CONSUMERS

The investigation of the effects of licensing upon purchasers of second hand cars is based upon two surveys:

- In the first general consumer survey (Market Report No 7 in Appendix B), 785 second hand car purchasers were interviewed. The questions covered the whole experience of buying a second hand car from the choice of dealer and vehicle to details of the purchase and the result of any complaints.

- The second survey (Market Report No 8 in Appendix B) comprised a sample of 130 second hand car purchasers who had reason to complain to the dealer about their car and the survey investigated consumer complaint experiences in more detail.

5.1 General Consumer Survey

This survey assessed the impact of used car dealer licensing upon the purchasing experiences of consumers residing in the central belt of Scotland. In each case the aim was to discern any differences between purchases in licensing and non licensing areas. In particular the following questions were addressed:

- What are the reasons for consumers purchasing from a second hand car dealer rather than from a private vendor? Is it that consumers feel better protected by purchasing from a dealer, or are there other reasons unconnected with the concept of protection?

- How do consumers find their second hand car, and what motivates the search? What are consumers looking for in the purchase? Would the fact that a dealer is licensed by the local authority make any difference to this search process?

- What sort of purchase package do second hand car dealers offer? Are guarantees longer or more comprehensive in licensing areas as a reaction to possible consumer dissatisfaction? Does the fact that a garage offers a pre-sales inspection report mean that the vehicles are less prone to failure and so complaint levels are lower?

- For those purchasers who had reason to contact their dealer with a complaint, how was this received and was it satisfactorily resolved? Are dealers in licensed areas more likely to be sympathetic to consumer complaints?

- What features of the purchase experience provided consumers with satisfaction and would indicate a future purchase from a dealer?

- What do consumers know about the licensing of second hand car dealers, and what do they expect from a dealer who is licensed?
5.1. **Search Patterns**

It is clear that consumers perceive a purchase from a second hand car dealer to be a protected purchase. This belief in protection is based upon either an awareness that they have some statutory rights or because the dealer provides protection through the provision of a guarantee or warranty. Over half the sample as shown in Table 4 gave these protective aspects as their reason to purchase from a dealer rather than buy privately.

<table>
<thead>
<tr>
<th>REASONS WHY CONSUMERS PURCHASED FROM A DEALER RATHER BOUGHT PRIVATELY</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
</tr>
<tr>
<td>Guarantee or warranty                                         35</td>
</tr>
<tr>
<td>Statutory rights/some comeback                                 22</td>
</tr>
<tr>
<td>Trade-in facility                                              21</td>
</tr>
<tr>
<td>Get a good deal                                               14</td>
</tr>
<tr>
<td>Convenience and choice                                        9</td>
</tr>
<tr>
<td>Credit facilities                                             6</td>
</tr>
</tbody>
</table>

There are a number of factors that feature prominently in the patterns of search by consumers. The younger age group (under 25 years old) were far more diligent in their search behaviour. They are motivated by price as would be expected and the search is directed toward a particular type of car. The search is concerned with the collection of as much information as possible through the reading of local newspapers and visits to dealers' premises. The time between the decision to buy and a successful purchase is longer than in any other age group and takes place over a far wider geographical area.

Consumers in the over 40 year old age group are different in the way in which they approach the purchase of a second hand car. The search is conducted over a short period with this group being associated with search times of up to one week. A lower number of dealers’ premises are visited. Less information is sought through the press and less distance is travelled.

The second hand car market is divided initially by price and then by age of purchaser with a high price/high age relationship. Table 5 (page 21) shows that the lower priced cars are purchased by the younger age group, and the higher priced cars by the older age group. If this information is transposed onto the type of dealer used by the consumer, the higher priced cars are purchased from the franchised dealers. A higher number of the lower priced cars are bought from dealers in only used cars. Table 6 (page 21) shows that purchases by younger consumers are concentrated upon exclusively second hand car dealers and older consumers concentrated upon the franchised dealers. There is a significant difference in the mean price of cars bought from the two types of retail outlet Table 7 (page 22)
### TABLE 5  PRICE PAID FOR CAR BY AGE OF CONSUMER*

<table>
<thead>
<tr>
<th>PRICE PAID</th>
<th>Under 25</th>
<th>26 - 40</th>
<th>41 - 60</th>
<th>Over 60</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under £1500</td>
<td>48%</td>
<td>27%</td>
<td>17%</td>
<td>14%</td>
</tr>
<tr>
<td>£1501 to £3500</td>
<td>37%</td>
<td>50%</td>
<td>51%</td>
<td>38%</td>
</tr>
<tr>
<td>£3501 to £6000</td>
<td>7%</td>
<td>18%</td>
<td>25%</td>
<td>43%</td>
</tr>
<tr>
<td>Over £6000</td>
<td>6%</td>
<td>5%</td>
<td>7%</td>
<td>5%</td>
</tr>
</tbody>
</table>

* Chi² = 36.8 (9 degrees of freedom), Sig = < 0.05

### TABLE 6  AGE OF CONSUMER BY TYPE OF DEALER FROM WHOM PURCHASE WAS MADE*

<table>
<thead>
<tr>
<th>DEALER TYPE</th>
<th>Under 25</th>
<th>26 - 40</th>
<th>41 - 60</th>
<th>Over 60</th>
</tr>
</thead>
<tbody>
<tr>
<td>Franchised</td>
<td>52%</td>
<td>67%</td>
<td>75%</td>
<td>84%</td>
</tr>
<tr>
<td>Non Franchised</td>
<td>48%</td>
<td>33%</td>
<td>25%</td>
<td>16%</td>
</tr>
</tbody>
</table>

* Chi² = 15.8 (9 degrees of freedom), Sig = < 0.05
<table>
<thead>
<tr>
<th>Dealer Type</th>
<th>Mean Price</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Franchised</td>
<td>£3061</td>
<td>£1280</td>
</tr>
<tr>
<td>Non Franchised</td>
<td>£1823</td>
<td>£2460</td>
</tr>
</tbody>
</table>

Licensing does not feature in the search process. Even those purchasers who knew of licensing did not seek out licensed dealers. This is not surprising since the majority of dealers do not advertise the fact that they are licensed.

5.1.2 Details of Second Hand Car Purchase

The pre-sales information element of licence conditions is not being adhered to. Pre-sales information on the vehicle was only noticed by 4% of consumers who had purchased their car from dealers required to comply with this provision. This 4% is spread across all licensing districts. Conceivably, consumers may not know exactly what a pre-sales inspection report on a car looks like, so the figure can be legitimately combined with those people who saw some kind of sheet on the vehicle containing details of the car. This puts the figure at 11%. It is apparent that the required information is not being displayed on many vehicles.

The requirement to provide pre-sales information also requires that consumers should be given a copy of the report upon purchase. When questioned about what sort of information, if any, they were given about the car, only 11% of people were given what amounted to a pre-sales inspection report.

The other condition judged to be of major importance in any licensing system is the requirement that dealers comply with the motor industry code of practice. Because of the nature of the code it is difficult to assess compliance except through concentrating upon a few observable characteristics of the purchase in particular the pre-sales inspection report and the provision of a written guarantee. Dealers in areas who are required to comply did not have a higher display rate of the inspection report than other areas or give a higher than average number of written guarantees.
The price paid for the vehicle is a far better indicator of whether a written guarantee is given than either the dealer being licensed and required to comply with the code, or the dealer being a member of the Scottish Motor Trade Association and so required to comply with the code by virtue of membership.

There is no evidence to suggest that licensed dealers are giving longer guarantees. Whilst 55% of the sample were getting guarantees of over 6 months, those consumers who purchased from dealers in only second hand cars were more likely to get guarantees of less than 6 months. Dealers in new and second hand cars are giving longer guarantees but given that they also sell more expensive cars to which length of guarantee is also related this would be expected.

There has been some suggestion that the price of vehicles in licensing areas would be higher than those in non-licensing areas. It was thought that a licensed dealer would try to avoid consumer complaints because of the effect this may have upon his licence renewal. Because of this, the dealer may tend to sell better quality, lower mileage cars that are necessarily more expensive and steer clear of the lower priced end of the market. In addition the price of cars would be higher in licensing areas because of the extra costs incurred by complying with licence conditions. However, comparison of the mean prices of cars and mileage between dealers in licensing and non-licensing areas show no evidence of this although compliance rates are obviously relevant factors.

This research also revealed that 30% of second hand car purchasers in Scotland do not test drive the car they purchase. It was thought that this was a high number but representatives of the motor trade confirm that it is an accurate estimate. For new car purchases the number of people who do not test drive the car could be as much as 60%. The number of people who have a car inspected or surveyed is also low at 8% but this is not significantly different from the national figure.

5.1.3 Levels of Complaint and Satisfaction

Consumer satisfaction and complaints are inextricably linked in the second hand car market. Consumers view a satisfactory car as one which is reliable and not going to give "trouble". Satisfaction levels with a variety of aspects of the purchase, not least the car itself, are affected by any complaints which may arise during ownership.

49% of consumers had reason to contact the dealer with a complaint and 50% of this group had reason to complain more than once. These complaints are the result of mainly minor faults.

There is some evidence to suggest that the time period in which the complaints take place is dependant upon the type of guarantee obtained upon purchase. Consumers with a written guarantee complained over a longer
period than those people with a verbal guarantee, very few of whom complained after one month from purchase. Reliance upon a verbal promise diminishes much faster than reliance upon a written guarantee.

5% of consumers who had experienced problems with their car and had complained, had not received a guarantee. Guarantees appear to be extremely important in motivating a return to the dealer in the event of dissatisfaction with the car.

Whether or not a consumer's complaint is resolved varies between types of dealer but overall 30% of consumers who complained did not have their complaint satisfactorily resolved. Written guarantees lead to a greater likelihood of the satisfactory resolution of a complaint. Licensed dealers are no more likely to resolve a complaint than dealers who do not hold a licence.

When a complaint is not satisfactorily resolved one would expect a high percentage of consumers to turn to other agencies in an attempt to get satisfaction but this does not seem to be the case.

Over 90% of consumers with an unresolved complaint did not seek help or advice from an official agency. However serious the complaint this still suggests a large number of dissatisfied consumers that do not appear in the official complaint statistics issued by the Office of Fair Trading.

Satisfaction with aspects of the dealer's service and with the car itself is dependant to some degree upon complaint experiences. Those consumers who had no reason to complain were quite happy with the purchasing experience and with the car they had bought. This is true across a whole range of issues. People who had complained showed an interesting divergence in their satisfaction scores. Where a complaint was not resolved there was a significant tendency for satisfaction both with the dealer and the car to be low. However, where the complaint was resolved, satisfaction with the car was high, yet some consumers indicated that satisfaction with the dealer remained low. This would suggest that where a complaint occurs at all it is blamed upon the dealer for selling a bad car rather than the car itself. Quick and courteous resolution of the complaint without argument secures an improvement in the consumer's attitude toward the dealer.

Perhaps the best measure of satisfaction with a dealer is to return to the same dealer again for a repeat purchase. Consumers were asked what features of a dealer would be most likely to make them return in future. A previous satisfactory purchase and a perception of good value were dominant.

The main thrust of this survey was to establish whether purchases from licensed dealers were more satisfactory than purchases from unlicensed dealers. This does not seem to be the case. However, the results of this survey do suggest that it is complaints that have a very strong impact upon satisfaction levels.
If this survey showed that licensed dealers sold cars which were less likely to lead to a complaint then satisfaction with licensed dealers would be significantly higher than with their unlicensed counterparts. There is no evidence to support this contention and without such evidence, general levels of satisfaction cannot be said to be significantly different between licensed and unlicensed dealers.

5.1.4 Knowledge of Licensing among Consumers

The majority of consumers did not know about the licensing of second hand car dealers in Scotland. 62% indicated that they had no knowledge of such a system, many of whom both lived in licensing areas and had purchased from a licensed dealer.

Those consumers who did know about the licensing system were not all consistent in their attitudes toward such a system. All were agreed that the holding of a licence would be a good reason to return to a dealer but they were not seeking out licensed dealers in their search. This suggests that people are either not fully aware of the system or that they do not associate the holding of a licence with any particular consumer benefit. Indeed one respondent wrote on their questionnaire that purchasing from a licensed dealer was "just like taking a licensed taxi cab, you still get there in the end".

Those people who knew nothing about second hand car dealer licensing were more consistent. The attitudes toward it were all favourable, however there is a danger that this may be just because control and regulation of a group of people whose untrustworthy dealings are a matter of folklore, would always seem attractive. Further questions did not provide support as this group of purchasers were significantly more positive in their choice of attributes for licensed dealers. The only group of people who did not know of licensing but were prepared to pay for the perceived protection that a licence would offer, were those who had complained, especially where the complaint was not resolved.

People who had complained to the dealer were generally more favourably inclined towards licensing than those who had not. This would be expected especially because dissatisfaction with the dealer upon complaint lingers whilst the car is able to redeem itself. Similarly this group were more likely to put licensed dealers in the "much better dealer" category rather than in the category of "better than" or "the same as" other dealers.

There seems to be a perception among consumers that purchasing from a licensed dealer is somehow better but that this advantage is in a sense cosmetic as the really important question in consumers minds - are the cars better quality?, does not seem to have been answered. The impression from many of the responses is that on the whole consumers are ambivalent about licensing, and not wholly certain of the benefits.
5.2 Impact of licensing upon consumers with complaints about their second hand car.

The detailed investigation of the experiences of consumers with complaints was based upon a postal survey of 130 second hand car purchasers. These consumers had all complained to the dealer about the second hand car sold to them. A full report of this survey is available in Market Report No 8 (see Appendix B).

The purpose of this survey was to investigate in more depth consumers’ experiences of complaining to a second hand car dealer. In particular the following questions were addressed:

- Are there any differences in the pre-purchase behaviour of consumers who eventually have problems with their car when compared to consumers who do not?

- What are the nature of complaints communicated to dealers? Is there any evidence that some complaint categories are not communicated or that some categories of complaints are more likely to be resolved than others?

- Who do consumers deal with when complaining and how do they perceive that person's attitude to the complaint?

- How much use do consumers make of agencies designed to give advice or help with complaints? For those who have made use of such assistance, how did they assess the contribution made to the progress of their complaint?

- Are consumers who have problems with their second hand car more supportive of licensing than consumers who have not experienced problems? How do they see the contribution of licensing to the handling of their complaints by the dealer?

5.2.1 Search and Purchase Behaviour

Consumers who have complained to the dealer and those who have not, display a great deal of similarity both in purchase and in motivation. This dispels the myth that certain consumers are bound to end up with poor quality second hand cars. In all respects the information gained from the first consumer survey of purchasers of second hand cars was duplicated in the second survey of car purchasers who had problems with their second hand car. Comparison of the two surveys indicates a high degree of consistency. The incidence of complaint appears to be dependent upon features of the vehicle rather than the individual.
5.2.2. Source and Handling of Complaint

The majority of complaints about second hand cars occur during the first week of ownership. However small, the complaint takes on an importance in the consumer's mind as indicative of further and perhaps more serious faults with the vehicle. This is emphasised by two observed results:

* There is very little delay between the experience of being unhappy with the car and actually complaining to the dealer.

* If the complaint is solved the consumer will buy from that dealer again. In reacting well to the complaint the dealer has reduced the risk in the consumer's eyes of buying a second hand car from that particular dealer.

The highest number of complaints are associated with what have been termed durable parts. These are parts which under normal circumstances would be required to be replaced by the owner, such as tyres, exhausts, bulbs and wipers. As such they are often low cost easily replaced parts. If the dealer refuses to replace or repair these parts the effect on the consumer's attitude toward him/her is severe and the consumer is unlikely to return to him/her ever again. This has implications for the dealer, who for a relatively small cost could enhance customers' attitudes and possibly ensure a repeat purchase and some good informal advertising through word of mouth. By contrast very serious complaints (those valued at over £200) do not feature very much at all in this survey. In the main these serious complaints are associated with engine failures although many are "combination complaints", a complaint about many fault categories.

There is no evidence to suggest that there are any differences in the nature of complaints about cars sold in licensing and non licensing areas. Similarly there are no detected differences between the types of complaint associated with dealers who held a licence and those who did not.

Upon complaining to the second hand car dealer, by far the majority of consumers required the total repair of their car. This solution was pursued in all complaint categories (Table 8, page 28). 49% of consumers did receive a total repair of their car as a result of a single return visit.
<table>
<thead>
<tr>
<th>NATURE OF COMPLAINT</th>
<th>Money Compensation</th>
<th>New Part Fitted</th>
<th>Full Repair</th>
<th>Look At &amp; Repair</th>
<th>Full Refund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repairs not carried out as agreed</td>
<td>1</td>
<td>0</td>
<td>9</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Durable part failure</td>
<td>5</td>
<td>4</td>
<td>35</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Bodywork condition</td>
<td>2</td>
<td>1</td>
<td>5</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Engine</td>
<td>1</td>
<td>0</td>
<td>10</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Body part failure</td>
<td>0</td>
<td>2</td>
<td>14</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Major mechanical (not engine)</td>
<td>3</td>
<td>7</td>
<td>30</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Performance of car</td>
<td>0</td>
<td>0</td>
<td>29</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Peripheral part failure</td>
<td>0</td>
<td>3</td>
<td>35</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

51% of consumers were offered something different by the dealer than what they required. Table 9 (page 29) compares the consumer's preferred solution and the dealer's offer. However, despite this incongruity between desired solution and dealer offer, 65% of consumers felt that the offer by the dealer was reasonable. There had been some change between what the consumer wanted and what they were prepared to accept as reasonable.
<table>
<thead>
<tr>
<th>SOLUTION REQUIRED BY CONSUMER</th>
<th>Compensation</th>
<th>Replace Part</th>
<th>Total Repair</th>
<th>Investigate</th>
<th>Part Refund</th>
<th>Partial Repair</th>
<th>Nothing</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMPENSATION</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>REPLACE PART</td>
<td>0</td>
<td>7</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>TOTAL REPAIR</td>
<td>0</td>
<td>2</td>
<td>36</td>
<td>15</td>
<td>0</td>
<td>4</td>
<td>16</td>
</tr>
<tr>
<td>INVESTIGATE</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>FULL REFUND</td>
<td>1</td>
<td>0</td>
<td>3</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2</td>
<td>9</td>
<td>40</td>
<td>21</td>
<td>1</td>
<td>4</td>
<td>21</td>
</tr>
</tbody>
</table>

There was a large group of consumers (22%) who found that the dealer would do nothing about their complaint. This refusal was independent of the value of the complaint, the type of dealer (whether franchised or not) or whether the dealer operated in a licensing area or actually held a licence from the local authority.

Consistent with the general consumer survey, the existence of a guarantee appeared to be extremely important in helping to get complaints resolved. This is particularly true in connection with one specific area of complaint: those about the engine or engine performance. It is a feature of guarantees with motor vehicles, especially insurance type guarantees, that major parts, for instance, engine and transmission are well covered based upon the frequency of failure. As a consequence these types of complaints are almost sure to be resolved if a guarantee was given and the complaint occurs during the guarantee period.

Persistence in complaining to the dealer appears to pay off. The dealer's offer is more likely to change the more often a consumer complains. On balance, the changed offer by the dealer was an improvement on the original offer, and a number of consumers faced with a dealer who refused to do anything eventually got some redress by complaining more than once.
The attitude of dealers to complaints showed a great deal of variety. In the majority of cases dealers were positive and helpful but in 32% of cases consumers reported a negative attitude. Consumers easily spotted the dealers who were appearing positive and helpful towards them and yet actually doing nothing to solve the problem. Dealers who fell into this category were equally unlikely to receive future custom from consumers as those who did nothing about the complaint but who were less "polite". There was no evidence that dealers in licensing areas or dealers who actually held licences were more or less helpful in resolving consumers' complaints.

Second hand car dealer licensing has had no impact upon the complaint experiences of consumers. Previous research had failed to establish any differences between licensing and non licensing areas and this led to a more specific approach in this research. Each dealer was characterised not only by the district within which he operated but also categorised according to whether or not he was registered as a licence holder. Again this variable had no effect upon any of the criteria assessed in the research.

In total, 48% of consumers did not have their complaint resolved by the second hand car dealer. The resolution rates were independent of the licensing activity of the local authority and licence possession by the dealer.

5.2.3 Use of Help and Advice During Complaint

During the course of their complaint the majority of consumers (79%), did not contact any outside body for help or advice. Interestingly, 25% of consumers had a complaint which was not resolved by the dealer but did not seek help or advice. It is important to remember that 49% of purchasers had cause to complain, therefore approximately 1 purchaser in 8 was left with an unsatisfactory vehicle.

21% of respondents contacted an outside body for help or advice in dealing with their complaint. The main agency contacted first was the Citizens Advice Bureau although trading standards departments also featured prominently as the first contact. For those consumers who went on to another agency for further help either because the complaint was unresolved or due to referral, the largest flow was from the Citizens Advice Bureau to the local trading standards departments.

For those consumers whose complaint was left unresolved there were a number of courses of action identified. Most consumers in this category paid another garage to repair the fault so that another garage eventually benefited from an unresolved consumer complaint. A small number of consumers repaired the fault themselves or arrange for mechanic friends to do the repair. It is not clear what reasons these consumers had who did nothing about the complaint, but were not dependent upon the perceived cost of the repair of the car. One explanation could be that the cause of the complaint was small and could be tolerated. Another group of people
actually disposed of the car with the fault not repaired. This passes on the problem to another consumer unless a dealer purchases the car and repairs it before resale.

5.2.4 **Attitudes Toward Licensing**

These questions were included to investigate whether consumers who had problems with their second-hand car knew more or less about licensing than other consumers. In fact there was little difference in the knowledge of licensing, although this group displayed less knowledge than the previous consumer survey.

96% of respondents thought that a system of licensing would be a good idea. Because these consumers all had complaints it was not surprising that they would as a group feel more positive about a system designed to protect purchasers and control the activities of second-hand car dealers.

Consumers were asked how they themselves would benefit from a licensing system. Respondents thought that the licensing authority would have a role in solving individual complaints. There was also an expectation that consumers could complain about a particular dealer to the district council. Further, there was an expectation that there would be some control of the standard of cars sold by licensed dealers.

In the analysis of the experiences of second-hand car purchasers in complaining about their car both the licensing practice of the local district council and licence possession by the dealer were taken into account. There is no evidence to suggest that consumers with complaints are better treated by dealers in licensing areas or that their complaints or experiences are different in any respect. Further, there is no evidence to suggest that dealers who actually hold a second-hand car dealer's licence deal with complaints any differently from those who do not hold a licence or do not operate in licensing areas.
CHAPTER SIX  CONCLUSIONS AND RECOMMENDATIONS

There is no evidence to suggest that the licensing of second hand car dealers as a policy is unable to meet consumer protection objectives. It is the application of licensing in Scotland which has severely undermined its effectiveness. The administration is characterised by a lack of co-ordination among licensing authorities, a lack of enforcement of the duties imposed by licensing, and a corresponding lack of participation by car dealers. Faults in the legislation compounded by a lack of resources and lack of motivation among district councils has meant that only a small proportion of second hand car dealers in Scotland are licensed. As a consequence licensing as such has had no detectable impact upon the purchase experiences of consumers and has made little contribution to consumer protection in the second hand car market in Scotland.

The Scottish Consumer Council is satisfied that the licensing of second hand car dealers could provide a useful additional form of protection for consumers in a market where there is a higher than normal risk of their interests being compromised. An effective licensing system would provide a mechanism for ensuring that dealers who habitually indulge in illegal or unfair trade practices (in particular "clocking" cars or selling unroadworthy vehicles) are not allowed to continue in business.

The system of licensing second hand car dealers in Scotland is not working effectively, but the Scottish Consumer Council believes that it should be improved, not abandoned. The following recommendations set out the areas in which the Council believes immediate and substantial improvements could be made through action by the district councils who operate licensing systems. The Scottish Consumer Council also believes that central government must review the licensing system as it operates at present and the recommendations also set down legislative reforms which the Council believes must be made.

TO DISTRICT COUNCILS

6.4 Recommendation 1

The Scottish Consumer Council urges the Convention of Scottish Local Authorities to take a positive lead in securing the application of licensing throughout Scotland and in attaining uniformity in the form and content of licensing conditions.

The Convention of Scottish Local Authorities should agree a uniform approach to the licensing of second hand car dealers and recommend its adoption by all authorities. Those district councils who at present do not operate a licensing system for second hand car dealers should introduce such a system. This should be done as soon as possible and in co-operation with the Convention of Scottish Local Authorities and the other district councils.
The legislation which introduced second hand car dealer licensing into Scotland was not drafted with uniformity in mind. Local authorities are not required to adopt licensing and they are given some discretion in the conditions they attach to licences issued. Different fees are charged for licences in different local authority areas; some authorities require all dealers who sell second hand cars to be licensed, others only require those whose main business is selling second hand cars. Most authorities take a passive approach to licensing but by contrast, Perth and Kinross District Council, who have recently introduced licensing, employ an enforcement officer which may have contributed to the fact that this authority has the largest number of licensed second hand car dealers than any other licensing authority in Scotland. We believe that the Convention of Scottish Local Authorities must take the initiative and that greater uniformity among authorities would immediately improve the effectiveness of the licensing system.

6.5 **Recommendation 2**

District councils who are licensing authorities should require licensed dealers to comply fully with the Code of Practice for the Motor Industry, including the provision of pre-sales inspection reports to potential buyers.

The Scottish Consumer Council also believes that compliance with the Motor Industry Code of Practice, which includes a requirement for pre-sales inspection reports to be part of the licence conditions imposed by every licensing authority. At present only three district councils have included this. Making compliance with the Code of Practice a licence condition would have the effect of giving consumers the backing of the code of practice in every case, breach of which would be a breach of the licence condition and therefore a criminal offence. This would be a very effective way of giving valuable protection to purchasers of second hand cars.

6.6 **Recommendation 3**

District councils who are licensing authorities should agree on the interpretation of section 24(3)(d) of the Civic Government (Scotland) Act, 1982 and apply the licensing requirements to any dealer who trades in second hand cars irrespective of whether it forms the major part of the business.

The research highlighted the fact that licensing authorities have different interpretations of section 24(3)(d) of the Civic Government (Scotland) Act, 1982 which provides an exemption from the requirement to hold a licence in a licensing area for those

"carrying on a business as a dealer in second hand goods or articles incidentally to another business not being that of a dealer in such goods or articles".
Some authorities have interpreted this to mean that the franchised car dealer who mainly sells new cars does not have to be licensed, even if he sells some second hand cars. Other authorities have adopted a 50% cut-off, that is, if selling second hand cars accounts for less than half the total business, then the dealer can claim the exemption. We support the view adopted by some licensing authorities that selling any number of second hand cars as part of a business makes someone a second hand car dealer (whether or not they are also a new car dealer) and therefore require a second hand car dealer's licence. We believe that if the system is to provide proper protection for consumers it must ensure that all dealers in second hand cars within a licensing area hold a licence.

6.7 **Recommendation 4**

All licensing authorities should take responsibility for enforcing their licensing systems, including the identification of unlicensed trading and compliance with licence conditions.

One of the most remarkable findings of the research was the attitude of most licensing authorities towards second hand car dealer licensing. With few exceptions, the district councils who undertake licensing believe that they have no enforcement role, considering instead that their role is to respond to licence applications and to follow the issuing procedure.

District councils wrongly assume that the police and trading standards departments are involved in enforcement. In fact the police see enforcement of second hand car dealer licensing as very low priority if carried out at all, and trading standards departments are not authorised to enforce the licensing provisions of the Civic Government (Scotland) Act, 1982.

It is essential that district councils accept responsibility for enforcing licence conditions. The cost of enforcement in each area should be recovered from the licensing fee charged. In some licensing areas the licensing system is no more than a voluntary registration scheme. If all second hand car dealers in an area are not licensed this undermines the effectiveness of the sanction of withdrawing a licence.

Licensing authorities should consider the possibility of employing an officer responsible for ensuring that all second hand car dealers in the area are licensed and that they are complying fully with licence conditions.
6.8 **Recommendation 5**

The system of second hand car dealer licensing must be reviewed.

Second hand car dealer licensing offers significant potential for the enhancement of consumer protection in a market where consumers' interests are at risk. The responsibilities of consumer protection do not fit well with the present functions of district councils. Government must consider whether the responsibilities of licensing and enforcement should remain with district councils or whether they should be moved to a more centralised level of local government. Such a move could provide an opportunity for the more effective use of resources and more uniformity in how licensing is administered. This would benefit local authorities, second hand car dealers and most importantly consumers.

6.9 **Recommendation 6**

Second hand car dealer licensing should be made compulsory, not optional as at present.

At the moment fewer than half of the district councils in Scotland have introduced second hand car dealer licensing into their areas. It is not reasonable that purchasers of second hand cars in one local authority area should be less well protected than purchasers in another local authority area. Moreover, there is no guarantee that district councils who operate a licensing system at present will always continue to do so. Priorities change and it is conceivable that all the local authorities at present involved in second hand car dealer licensing may decide to abandon it, a mandatory system would remove this possibility.

6.10 **Recommendation 7**

Consideration should be given to the introduction of licensing throughout the rest of the UK.

The Scottish Consumer Council is conscious of the initiatives of the Office of Fair Trading, professional bodies, motor trade associations, motoring organisations and the consumer movement in exploring possible ways of raising the level of consumer protection in this area. The Scottish Consumer Council believes that consideration should be given to the licensing of second hand car dealers as an option for the rest of the UK. The Scottish Consumer Council believes that an effective licensing system would considerably enhance the protection available to purchasers of second hand cars.
6.11 **Recommendation 8**

All dealers who sell second hand cars should be required to hold a licence, and common conditions should apply to all second hand car dealer licences issued.

The confusion which has arisen due to differing interpretations of section 24(3)(d) of the 1982 Act has resulted in some dealers in second hand cars being exempt from holding a licence. The Act should be amended to ensure uniformity of application and also to make it clear that all dealers who sell second hand cars are required to hold a licence.

All licence holders should be required as a condition of the licence, to comply with the motor industry code of practice. This would substantially increase the level of trading standards in the car trade.

6.12 **Recommendation 9**

It should be made clear that the licensing authority is not only responsible for the administration of the system but also for the enforcement of licence holding and compliance with licence conditions.

Any system of licensing will not function effectively without adequate enforcement. Licensing authorities are not clear that enforcement is their responsibility and this has provided considerable scope for confusion and inactivity. It should be made clear that the fees raised by the licensing authority are designed to include the cost of enforcement as a fundamental element of administration and should be used as such.

At present it appears that there is no relation between the fee charged and enforcement. Along with a more standard approach to licensing enforcement there should be less variation between the fees charged by different licensing authorities. Government should provide guidance on this.
USED CAR PRE-SALES INFORMATION REPORT

Details of Car:-
Cash Price £ ..................................

Make ................................... Model ................................... Colour ..................................

Engine Capacity ................. Date First Reg. ................. Registration No. ...............  

Odometer Reading .............
Where the lower box has been ticked the statutory mileage information notice must be displayed alongside the mileage reading.

The reading is CORRECT | |

The reading is UNVERIFIED | |

REQUIRES REPAIR OR REPLACEMENT
Either YES or NO to be deleted. If YES, list faults and state repairs or replacements required.

<table>
<thead>
<tr>
<th></th>
<th>YES/NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brakes (inc. servo)</td>
<td></td>
</tr>
<tr>
<td>Wheels and Tyres</td>
<td></td>
</tr>
<tr>
<td>(inc. spare)</td>
<td>YES/NO</td>
</tr>
<tr>
<td>Steering (inc. power system)</td>
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<td>Suspension</td>
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<td>Engine (inc. ancillaries)</td>
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<tr>
<td>Cooling System</td>
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<td>Clutch/Torque</td>
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<tr>
<td>Converter</td>
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</tr>
<tr>
<td>Gear Box (inc. auto or overdrive)</td>
<td></td>
</tr>
<tr>
<td>Transmission (inc. final drive and drive shaft)</td>
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</tr>
<tr>
<td>Electrical System</td>
<td>YES/NO</td>
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<tr>
<td>Body, Trim and</td>
<td>YES/NO</td>
</tr>
<tr>
<td>Understructure</td>
<td></td>
</tr>
</tbody>
</table>

Signed ................................. Status of person making this Statement ..........................

Date ....................................... (for e.g. Body corporate) ............................

IF YOU BUY THIS CAR IT IS IN YOUR INTEREST TO KEEP THIS REPORT

37
APPENDIX B

ADDITIONAL MATERIAL AVAILABLE UPON REQUEST

Working Paper 8606

Second hand car dealer licensing in Scotland: A Survey of Local Authorities, (1986), Institute for Retail Studies, University of Stirling. 26 pages, Price £2.50

This working paper contains detailed information about the different types of second hand car dealer licensing systems in operation in Scotland. This survey of district councils established details of the various licensing systems and features of their operation. It provides a background to the research and includes information on how licences are issued, the use of licence conditions and enforcement provisions.

Market Report No 5


This market report contains the results of a series of interviews conducted in 1988 with agencies concerned with the operation of second hand car dealer licensing in Scotland. It includes the results of interviews with district councils, trading standards departments and the police and sheds some light on the reasons why the licensing system is failing. It identifies a breakdown in communication between these three agencies which serves to amplify the confusion which already exists in the minds of consumers and second hand car dealers.

Market Report No 6

Investigation into the effects of second hand car dealer licensing upon used car dealers in Scotland, (1987), 80 pages, Price £10.00

This Market Report contains the results of an interview survey among second hand car dealers operating in both licensing and non licensing areas. This report includes information about the operation of licensing and its impact upon second hand car businesses, in particular the dealers' knowledge of local licensing policy and compliance with local licensing conditions. In addition this report contains valuable information about second hand car businesses in Scotland.

38
Market Report No 7

Investigation into the effects of second hand car dealer licensing on consumers in Scotland, (1986), 75 pages, Price £10.00

Over 750 consumers were interviewed in connection with their experience of purchasing a second hand car and the results of these interviews are contained in this market report. The purpose of this survey was to determine whether consumers had different purchase experiences depending upon whether the dealer was licensed or not. As such, it covers the whole consumer purchase process from initial search to post purchase evaluations of dealers and provides a unique insight into consumers’ purchase behaviour in this market.

Market Report No 8

Investigation into the experiences of consumers when complaining about their second hand car, (1988), 56 pages, Price £10.00

This market report investigates in depth the experiences of consumers who had reason to complain about their second hand car. The aim of this survey was to investigate whether licensed second hand car dealers were more or less sympathetic to consumer complaints. The results give a detailed insight into how and why complaints are made and the reactions of dealers. It also reveals what further action consumers take when a complaint is not resolved including the use of advice agencies.
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   Report of interviews with agencies interested in the operation of second hand car dealer licensing, (1988), £6.50  [ ]

3. Market Report No 6
   Investigation into the effects of second hand car dealer licensing upon second hand car dealers in Scotland, (1987), £10.00  [ ]

4. Market Report No 7
   Investigation into the effects of second hand car dealer licensing upon consumers in Scotland, (1986), £10.00  [ ]

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