

Doing ever SO well

SPECIAL REPORT

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The used car sector performed well in the first half of 2009 but an OFT probe may cause concern later this year when its findings are published

John Kirwan

The used car sector in 2009 is one of the most vibrant in the motor trade. Bodyshop is under pressure, finance is in difficulties while franchised dealers are working hard to boost workshop retention in competition with the independent sector. But with new car sales on the slide, the used car sector has prospered in the first half.

Perhaps, because it is so competitive it has long been a target for Trading Standards and auditing bodies. The latest probe comes from the Office of Fair Trading which said it had received a "large number of consumer complaints" with regard to the sector.

"Last year, more than 68,000 consumers complained to Consumer Direct about issues with secondhand car sales.

"Concerns around defective vehicles, services and potentially misleading selling are consistently among the top complaints to the government-funded advice service," said the OFT.

It estimated the used car market was worth £35bn in 2008 and clocking alone is estimated to cost £100m a year. It said it would consider whether existing



consumer protection was adequate.

The probe will focus on the trade and not private buyers, although it will aim to provide "clarity across the wider second-hand car market".

It will work with the used car sector, Trading Standards Institute and consumer bodies in its investigations.

OFT chief executive John Fingleton said: "We aim, particularly given the current financial climate, to look at the entire process for consumers when buying a secondhand car and whether existing regulation delivers sufficient robustness, confidence and clarity for both the customer and car dealer."

Motor Codes, the industry body set up to develop and maintain codes of practice in the car business, welcomed the probe.

"The announcement from the OFT provides a strong first step in better understanding the extent and detail of the situation and the areas of greatest concern to consumers," said Motor Codes director, Chris Mason.

Kia approved

Over the coming weeks the sector will see just how far the OFT will get in its probe. In the meantime, dealers continue to improve their offering to try and win more business. The most recent innovation comes from Kia Motors UK, which has launched a new

approved used car scheme. All used Kia cars under 18 months old with less than 18,000 miles will be treated as new with either three, five or seven years warranty. The company has now ended its Kia Kudos programme.

Kia head of fleet and remarketing Andrew Sellars said the approved used programme showed confidence in the build quality and reliability of the cars.

PLC used bonanza

The buoyant used car market is helping the big listed dealer groups in difficult times.

Inchcape posted a 69 per cent drop in first quarter pre tax profits with like-for-like sales down 22 per cent. It could have been

worse. The company, which restructured in the back end of 2008 removing £58m of costs, said it had been boosted by buoyant used car sales in 2009.

The Office of Fair Trading has received a large number of consumer complaints

Lookers, the fifth biggest company in the Motor Trader Top 200 dealer groups, also said it was achieving a "strong performance" in used sales. **MT**



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