

Direct Selling Association of New Zealand Code of Practice Annual Report - 2000

Code Background

In December of 1997 the Direct Selling Association of New Zealand (DSANZ) undertook the signing of our voluntary code of Practice with the Minister of Consumer Affairs setting in place a compliance requirement for DSANZ members and an Annual Report for the Calendar Year.

This report tables the performance of the Code of Practice for the 2000 calendar year as prepared and presented to be presented at the Annual General meeting of the DSANZ on 10 May 2001.

Complaints

Total Complaints received - 17 (Seventeen)

Member complaints - Consumers (1)

The complaint involved the sale of a large ticket product to an elderly person who had indicated being personally happy with the purchase. The complaint was lodged by the persons daughter and son in law and asked that the product being refunded and the product uplifted. The situation was complicated by the trade in of another product that lady had previously purchased some years before which had already by this time been refurbished.

Resolution

The cancellation was requested was outside of the 10 days specified in the Code however the issue was raised as the age of the purchaser and their capacity to make the decision. The DSA requested the company ensure a full refund of the product purchase with the Traded product to be sold and the proceeds after costs to go back to the original purchaser.

Both the company and the consumer agreed to this and both the refund and sale proceeds were returned to the consumer.

There was no requirement to pass the complaint to the Code Administrator since the agreement to refund was achieved within the 3 day period allowed.

Member complaints - Distributors/agents (1)

The DSA received one complaint regarding refunding of stock on termination of the distributors contract with the Direct Selling Company.

The distributor was advised on what their rights were under the Code and this was also advised to the Member Company involved.

The member company refunded immediately according to the Code requirement however it was noted subsequently that the stock was in a damaged condition and that in terms of the Code this would normally have negated the refund requirement.

The Company has subsequently added a clearer definition to their terms and conditions to ensure Distributors are aware of their rights under the Code.

Non - Member Complaints - Fifteen (15)

The DSANZ received Fifteen (15) complaints regarding non-member companies/organisations/individuals.

Four were complaints of illegal pyramid schemes and were deemed to be in breach of the Fair Trading Act. Formal complaints were despatched to the Commerce Commission on these schemes.

There has as yet been no sign of either prosecution or public comment relating to the scheme receiving two of the complaints. It involved a Web Site scheme, which has been prosecuted in other jurisdictions. The remainder now appears on the Commerce Commission published list of scams and schemes that have been warned or prosecuted.

Complaints relating to a single brand of Vacuum cleaner numbered 5 of the complaints received for the calendar year.

Consumers lodging such complaints were advised of their rights and how to lodge cases with the Small Claims Tribunal where breaches of the Door to Door Sales Act, Fair Trading Act or Consumer Guarantees Act had occurred.

One of the complaints would not have been a breach of the Code and were generated by afterthoughts some eight months after the purchase.

The company involved has been written to and the parent company in the USA has been notified to the US Direct Selling Association Code Administrator for their further action, as the Company is a member in the US.

Two complaints related to Clothing and Manchester products sold in South Auckland by established companies and related to payments for products being continued on after the products were paid for.

The consumers were advised of their rights and redress and instructed to quote this information as coming from the DSA to the respective companies. Both were refunded in full without further action being required.

The remaining complaints were related to services and products sold door to door by unknown salespersons with one related to the Consumer Guarantees Act. Advice was given of rights and possible actions to the respective consumers.

Of the Total Complaints only two (2) were received in writing including the one involving a member. The remainder was by telephone and resolved were possible by telephone for the sake of speed.

An assessment of the total dollars involved is

Member Companies -	\$12,000
Non-member companies/organisations/individuals	\$15,000

Signed: _____
Executive Director