

Direct Selling Association of New Zealand Code of Practice Annual Report - 2001

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.

The Code was reviewed during this year and modified to include an anti-enticement clause and an extra territorial clause along with some minor amendments. This was ratified early in 2002.

This report tables the performance of the Code of Practice for the 2001 calendar year as prepared and presented to be presented at the Annual General meeting of the DSANZ on 28 May 2002.

Complaints

Total Complaints received - 18 (Eighteen)

Member complaints - Consumers (3)

The DSA received three complaints over the year against members. Two involved refunds and one involved sales tactics used with an elderly person

Resolution

The two refunds were actioned within 24 hours by the two companies involved and involved miscommunication of when and how the refunds would occur.

Once raised with the respective managements, the refunds were expedited with apologies given to the customers.

The sales tactic complaint was raised with the company who immediately organised a refund of the product and took appropriate action to educate the salesperson on proper conduct. The company advised the DSA of the corrective actions within 2 hours of the complaint being brought to their attention and the customer advised they had received a refund the following day and were satisfied.

There was no requirement to pass the complaints to the Code Administrator since all were resolved within the 3 day period allowed under the Code.

Member complaints - Distributors/agents (3)

The DSA received three complaints 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.

In two instances the stock was partly over the 12 month period and those distributors were advised that the code did not oblige the company to refund for that part of the stock. Both were happy with the advice received and the end refunds organised.

The third complaint was resolved with the company and a refund was made according to the formula set out in the code.

Non - Member Complaints - Twelve (12)

The DSANZ received Twelve (12) complaints regarding non-member companies/organisations/individuals.

Six 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. These included the Skybiz scheme which was subsequently proven to be a pyramid following action in Australia by the ACCC.

Five complaints related to door to door sales involving Vacuum cleaners but related to two separate companies. One is a long standing company for which complaints had been received in previous years. The second company is a new entrant using the same form of sales tactics . Only one is a DSA member in the US for which a formal complaint has been lodged previously with the US DSA under the extra territorial clause.

One complaint related to Clothing and Manchester products sold in South Auckland by a company and related to refunds for overpayments being declined in favour of new stock. The consumer was advised of their rights and redress and instructed to quote this information as coming from the DSA to the company. The company refunded in full without further action being required.

All complaints were by telephone and deal with in a similar manner for speedy resolution with the exception of the Pyramid schemes which were notified to the Commerce Commission in writing.

An assessment of the total dollars involved is

Member Companies -	\$8,000
Non-member companies/organisations/individuals	\$20,000 (excluding pyramid schemes)

Signed: _____
Executive Director