

Trust schemes for consumers: What ‘good’ looks like

An independent evaluation of
consumer trust schemes and web-based peer review

Prepared for the National Consumer Federation (NCF)

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Chairman's Introduction

NCF The National
Consumer Federation
The grassroots consumer organisation



Arnold Pindar, Chairman, NCF

In November 2012 the Consumer Charter for Regulators¹ was launched by the NCF after work, across the consumer movement, to provide an independent consumer benchmark for government and others to use when considering or evaluating regulators. However, the NCF is very aware that free markets make use of other forms of regulation where statutory regulation is not required. Such other forms are frequently voluntary self regulation, with or without approved codes of practice.

Trust schemes offer a good way for consumers to be confident they will receive good service from suppliers and that, should things go wrong, they will be treated fairly. However, doubts exist about the integrity and fairness of many existing trust schemes, including

services that provide "Trust" websites, which make use of consumer feedback and varying degrees of checks on participating firms. This has the potential to both damage consumer confidence and adversely affect choice.

Hence, the NCF commissioned the following report to look at the current state of Trust systems and consumer choice issues to establish a benchmark for these types of self regulation and choice schemes. The benchmark is robust and will be refined and improved further as we discuss it with other members of the consumer movement, codes of practice providers, industry bodies, regulators and relevant government departments.

In this report we have not included any of the types of quality and consumer support approaches used within organisations to give consumers trust in their brand, but have rather focused on those who run a consumer-facing scheme that aims to deliver trust to consumers and to aid their choice of provider by means of a website and self regulation processes provided by the 'trust' organisation.

Arnold Pindar

Chairman, National Consumer Federation

¹ www.ncf.info/content/charter-regulators

1. EXECUTIVE SUMMARY

1.1 Background

During the last decade there has been a proliferation of consumer trust schemes that offer ratings, reviews or 'approval' for products or services in an effort to enhance consumer confidence and gain trust. Recent research from Consumer Focus² shows that consumers are increasingly reliant on peer review, and trust schemes can be extremely influential when it comes to choosing which goods and services to buy. The government and regulators see the role of consumer feedback, to influence choice and market behaviour, as "a good thing" and as such it is likely to become a growing influence on regulatory regimes.

Many trust schemes act as 'intermediaries' between consumers and service providers in sectors of industry that have high levels of consumer detriment, such as home improvements³. It is therefore crucial that trust schemes, especially those that involve consumer feedback, operate in a way that deserves the level of trust placed in them by consumers. The National Consumer Federation (NCF) commissioned this research project because it wished to study and identify the 'ingredients' of a 'good' consumer trust scheme and provide details of a benchmark for scheme providers, which supports the principles of the Consumer Charter for Regulators⁴. The project investigates how these schemes operate; whether they treat consumers fairly; if they provide clear, accurate and balanced information; and whether guidance or codes, which were the traditional means of conveying trust, are in place to ensure adequate consumer protection in complex markets.

To seek answers to these questions, and to build on the Consumer Focus report 'In My Honest Opinion', we conducted an independent review of 12 popular web-based trust schemes available to consumers in the UK, searching their websites for details of how they operate. For more detailed information on our research methodology please refer to section 3 of this report.

1.2 Key findings

- We identified two main methodologies used by schemes to gain consumer trust. Firstly, giving businesses some kind of 'approval' (8/12) and secondly publishing consumer feedback about experiences (10/12).
- Two thirds of schemes (8/12) are operated by private organisations, and 10/12 charge businesses to join, which can affect perceptions of impartiality.

² Consumer Focus: 'In my honest opinion' 2012

³ OFT: 'Consumer detriment: Assessing the frequency and impact of consumer problems with goods and services' Ref: OFT992, April 2008

⁴ www.ncf.info/sites/default/files/Consumer%20Charter%20for%20Regulators%20FINAL_0.pdf

- All 12 schemes cover trades or services considered by the OFT to be high-risk consumer detriment areas.
- Only one quarter of schemes (3/12) have codes of practice that are specific to the trades or services listed and contain requirements to address areas of potential consumer detriment.
- None of the 12 schemes have external monitoring in place. Only 2/12 schemes claim to conduct their own regular monitoring of members.
- Only one third (4/12) are run by consumer and public interest organisations. The remainder (8/12) are run by private, profit-making businesses.
- Less than half (5/12) publish clear information for consumers about how to submit a complaint.
- Only one third of schemes (4/12) offer any kind of dispute resolution and only one of these offers arbitration run by an independent/ external body.
- A third of schemes (4/12) claim that they would remove or suspend businesses that failed to meet their standards, or violated their code.

1.3 Recommendations

A fair, balanced trust scheme that allows consumers to make informed choices about good traders should meet certain criteria. Based on our research evaluation this is what we believe 'good' to look like:

- **Trustworthy scheme provider** – developed, managed or supported by the consumer movement
- **Good choice** – fair choice between businesses participating and a good range of choice by geographical location and services covered
- **Accessible to all** – wide range of contact channels and free to use
- **Provision of transparent, clear information** – about scheme management, membership criteria, costs and consumer rights and responsibilities
- **Proactive business involvement** – businesses demonstrate a commitment to quality, transparency and improvement by putting themselves forward to join a 'good' trust scheme
- **Low cost or free for businesses to join** – high membership costs can adversely affect perception of balance and impartiality, which is particularly important in encouraging good smaller businesses to join.
- **Initial assessment and membership criteria** – businesses must meet certain criteria before being accepted onto the scheme
- **General code of conduct** – overarching principles and general behaviour expected from members

- **Detailed code of practice that addresses key consumer issues** – fair, balanced codes of practice tailored to specific trades or services that meet a set of predefined ‘code principles’ developed in conjunction with the consumer movement – especially where services are technically complex
- **Regular monitoring and assessment, internal and external** – assessment via self regulation, consumer feedback and independent review to demonstrate that businesses meet standards and comply with their code
- **Provision of accurate information** – up-to-date information about businesses listed to aid consumer choice
- **Fair and effective management of consumer feedback** – to ensure that all genuine customers have the opportunity to review a business and to minimise abuse of the system making it equally fair to both businesses and consumers
- **The whole picture** – must display all information about a trader, whether positive or negative
- **Action against poor performers** – a recognition that even the best businesses can make mistakes so that businesses are given a chance to put things right where appropriate, but can be removed from the scheme when deemed necessary
- **Regular and transparent evaluation of scheme operation** – regular review of the scheme, and publication of meaningful, balanced statistics, which identify poor performers and highlight key consumer issues with the aim of improving the scheme and contributing to broader policy and campaigning in the consumer interest
- **Trust underpinned by a quality check system plus consumer feedback** – a joint system of consumer feedback and business assessment

1.4 Conclusions

None of the 12 schemes we investigated meets all of our criteria for ‘what good looks like’. All schemes have their strengths and weaknesses and some perform very well in certain aspects, but none meet all six of our key recommendations:

1. Initial assessment of businesses
2. Detailed codes of practice to deal with specific trades/ services
3. Well managed consumer feedback, based on codes of practice
4. Fair, transparent, low cost and accessible to all
5. Regular monitoring and review by an independent body
6. Involvement of consumer and public interest bodies in the development and management of the scheme

All have the potential to make improvements and should do so. The risk for the consumer is that those schemes not operating fairly could diminish trust in these types of scheme as a

whole, with a few badly run schemes damaging the reputation of those that are doing their best to operate fairly and in the consumer interest.

Trust systems are found in high consumer detriment sectors of the economy and it is in these areas that it is particularly important for the trust schemes themselves to be trustworthy so that the “good guys” can stand forward and be recognised by consumers.

To inspire the highest levels of consumer trust and confidence scheme operators need to meet the recommendations detailed in this report. Honest and fair consumer feedback systems alone may be good enough for some simple products. However, for more technical products or for services, which are by their very nature more complex and intangible, there is a need for a system that combines associated codes of practice and quality checks to “back up” consumer feedback. The more technical or complex the products or services the greater the need for this combined approach. It is also vital that there is consumer-focused input at every level – from initial business assessment to membership criteria, codes of practice, the fair management of consumer feedback, external monitoring and independent review of the system - to ensure that the scheme meets the needs of consumers, is fair, transparent and has the ability to evolve with the changing needs of consumers in the 21st century.

There is a pressing need to improve trust systems in the UK

2. INTRODUCTION

2.1 Background

The research and analysis described in this report builds on the Consumer Charter for Regulators, published by the National Consumer Federation (NCF) in November 2012, which was developed and endorsed by the consumer movement in the UK. The report explores the issues of transparency, informed choice and “what good looks like” when organisations use web-based approval schemes and peer reviews in an effort to win consumer trust.

The realisation that “consumers trust consumers” has led to an increasing number of organisations using peer review in order to gain consumer trust and promote choice. The NCF believes that this transparency at the real market interface of sale, purchase and use - if managed and used in the right way - is a major step forward in getting markets to operate properly to serve consumers fairly.

2.2 Regulation

The existing trust schemes in the UK market place are essentially self-regulation systems, with differing levels of effectiveness. Regulation in the 21st Century, whether statutory or self regulation, is not considered by consumers to be performing well, according to research carried out by Which? in August 2012.

Figure 1: Consumer opinion of regulation in key services/ professions (Which? 2012)

	Properly trained and qualified	Act ethically	Act in the best interest of consumers	Well regulated	None of these
Doctors	81%	49%	39%	42%	6%
Nurses	78%	49%	43%	34%	7%
Teachers	70%	33%	29%	32%	13%
Engineers	68%	20%	27%	29%	13%
Lawyers	69%	20%	21%	30%	15%
Accountants	59%	15%	22%	26%	20%
Civil servants	21%	17%	17%	18%	47%
Builders	22%	7%	15%	14%	56%
Bankers	21%	6%	9%	10%	63%
Estate Agents	13%	7%	14%	12%	63%
Journalists	13%	6%	9%	6%	71%
Politicians	7%	7%	9%	5%	77%

Consumers in a great many sectors are not well serviced by regulators and frequently this is associated with high levels of problems and consumer detriment, as can be seen in Figure 3 of this report.

2.3 Growth of internet retailing

Since the turn of the century the Internet has become an integral part of many people's lives. In 2012, according to the Office for National Statistics (ONS), 33 million adults accessed the Internet every day, more than double the 2006 figure of 16 million, when directly comparable records began.⁵

During the last few years consumers have been part of a 'digital boom' with new technologies and equipment, such as social networking, smart phones and tablets emerging at a fantastic rate, giving consumers 24/7 access to web-based information, advice, retailers, family, friends and other consumers through a growing range of channels and devices.

ONS figures show that the use of mobile Internet more than doubled, from 24% to 51%, between 2010 and 2012. And in 2012, a third of adults accessed the Internet via their mobile phone every day.⁶

Digital interaction is becoming ever-more complex and consumers' relationships with each other, and with retailers, are almost unrecognisable from just ten years ago. Our dependence on online services and transactions is only set to increase further as more areas of our lives 'go digital'.

This has sent the retail industry into a period of fundamental change. Online transactions have increased. Statistics from the IMRG (the UK's industry association for online retail) shows that the UK online retail market is now worth a massive £78bn in 2012. Online sales were up 13% in Feb 2013, compared to the previous year, and mobile commerce rose by 300% in the same time period.

As it has become increasingly common to turn to the internet for information, more and more people are consulting web-based trust schemes, including peer review sites, to help inform their purchasing decisions.

2.4 Proliferation of web-based trust schemes

During the last decade web-based trust schemes have sprung up all over the web, claiming to give consumers confidence in various products and services by means of:

- (a) Vetting, monitoring, stamps of approval and/ or
- (b) Consumer reviews and recommendations

Many have disappeared from sight within a couple of years or even months. Others, such as Checkatrade and TripAdvisor, have stood the test of time and grown in scale. TripAdvisor

⁵ ONS: 'Internet Access - Households and Individuals, Part 2' 2012

⁶ ONS: 'Internet Access - Households and Individuals, Part 2' 2012

now operates in 30 countries worldwide and claims it has more than 75 million consumer reviews.

In this study we look at 12 of the most popular schemes - including sites that claim to 'approve' businesses, sites that merely provide a platform for consumer reviews plus those that do both. Find out more about our methodology in Section 3 and our key findings in Section 4.

2.4.1 The growing importance of peer review

Peer review sites offer consumers the chance to give feedback about their experience of using various goods and services, for the benefit of other consumers. Consumer and public interest organisations have long been giving consumers the advice to seek personal recommendations from friends and family – peer review sites give you the opportunity to read feedback from larger numbers of consumers.

With stories in the media about unscrupulous traders and fake goods, and television programmes such as Watchdog, Rogue Traders, Holidays from Hell and Cowboy Builders, it is understandable that consumers are sceptical of information given by businesses themselves and prefer to seek independent advice from like-minded people – other consumers.

Online feedback and reviews are an increasingly important part of consumer decision making. In its 2012 report, 'In my honest opinion'⁷, Consumer Focus said: "As consumers undertake an increasing proportion of their interactions and transactions online they are turning to peer-review as a trusted source of information." It gives evidence that consumers are putting more trust in their peers than on more traditional sources:

- A recent survey for Consumer Focus found that more than 62 per cent of consumers trust what other consumers tell them more than what companies say.
- Research by BT and Avaya found that 51 per cent trust the advice on review sites more than an organisation's official website.
- Research from the USA by Nielsen found that 68 per cent of social media users go to social networking sites to read consumer feedback on products and services, with over half using these sites to provide product feedback, both positive and negative. Nielsen research also found that, 'recommendations from personal acquaintances or opinions posted by consumers online are the most trusted forms of advertising'
- A 2012 survey of internet users in Britain by Reevoo found that 88 per cent of consumers consult reviews when making a purchase, and 60 per cent said they were more likely to purchase from a site that has customer reviews.

The prolific use of peer review sites, both as a source of information on which to base purchasing decisions and a way to feedback personal experiences, has both benefits and disadvantages for consumers.

⁷ Consumer Focus: 'In my honest opinion' 2012

2.5 The positive effects of web-based review schemes

2.5.1 *Shift in power*

Before the Internet revolution businesses themselves were in control of information about their products and services that went into the public domain. Other than expert advice from consumer organisations, and word of mouth from friends and family, consumers had to rely on information given to them by businesses themselves, which put them at a disadvantage. Information was pretty much a one way street, with consumers at the receiving end.

The growth of the Internet, and consequent rise of peer review sites, has created a more dynamic, three-way exchange of information. Not only are businesses 'talking' to consumers, consumers are talking back, plus talking to each other. Organisations are no longer in control of information about their products and services. This has created a noticeable shift in power, with consumers gathering information from a variety of sources before making purchases and often not engaging with the retailer until the actual moment of purchase.

Consumer review sites provide people "with the means to go from passive recipients to active participants in markets, creating an age of 'radical transparency' that is eroding the old monopoly," states Consumer Focus.⁸ It sums up that: "The growth in feedback and review services and the numbers of people using them is one of the most empowering developments for consumers of the past decade".⁹

2.5.2 *Driving improvements in quality*

The ability of consumers to share their views and experiences with thousands of other consumers - rather than just their immediate circle of family and friends – has put pressure on businesses to up their game. If they treat a customer badly there is less chance now that it will get swept under the carpet. Instead their 'misdemeanour' could be all over the Internet in minutes – tweeted, re-tweeted, posted on Facebook and written up on dozens of review sites.

Collectively, consumers are able to demand improved products, excellent customer service, and better value for money. Companies that care about their reputation are being forced to listen. If they don't then they risk their customers 'voting with their feet' and going elsewhere and telling other consumers to follow in their footsteps.

2.5.3 *Expanding markets*

⁸ Consumer Focus: 'In my honest opinion' 2012

⁹ Consumer Focus: 'In my honest opinion' 2012

Reviews have enabled people to find out about a wider range of products and suppliers, making them less reliant on well-known brands or adverts. Online reviews and comments often make it easier to identify the best value product or provider.

2.5.4 Reducing consumer detriment

By being better informed, consumers are more likely to make good purchasing decisions and avoid common pitfalls and problems, including dodgy products and rogue traders. So, potentially, web-based review schemes can help to reduce levels of consumer detriment.

What is consumer detriment?

In its simplest form, consumer detriment involves consumers suffering harm or damage. The OFT offers this definition: “consumer detriment at its broadest level may arise from any instance: where a customer suffers as a result of their dealings with an organization, and where that suffering is partly or wholly the result of the organisation accidentally or deliberately treating the customer unfairly.”

Markets where consumer detriment is most likely to occur

The OFT found that consumer detriment was most likely to occur where:¹⁰

- The goods and services being supplied have a technical element making the consumer reliant upon the suppliers' integrity
- Dubious marketing methods or direct selling through cold calls are involved
- The supplier is remote and pays insufficient attention to after sales service
- Irregular purchases of high value goods and services are made and not enough is known about the business involved.

Possible causes of consumer detriment

- Being misled or pressured into buying an inappropriate product or service
- Not being given adequate choice
- Being unfairly or inappropriately denied a service or transaction available to others
- Receiving a substandard, poor quality service
- Receiving incorrect or defective goods which are not of satisfactory quality.
- Being unable to get a complaint resolved quickly, easily and to reasonable satisfaction

Possible effects of consumer detriment

- Financial detriment (eg: cost of replacing or repairing a product, legal costs, loss of earnings or damage to property).
- Non-financial detriment (eg: stress, anger, loss of time, inconvenience, injury or adverse effect on health)

FIGURE 2: Top 20 sectors of consumer detriment (OFT 2008)¹¹

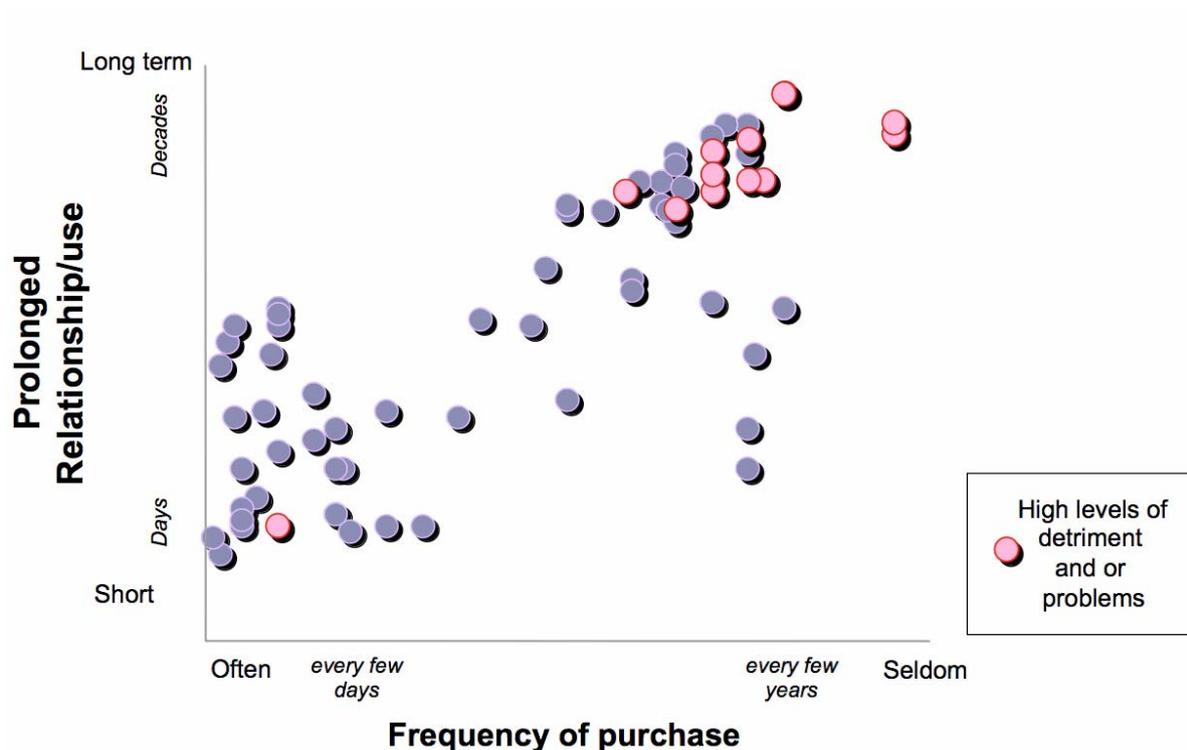
¹⁰ OFT press release <http://www.of.gov.uk/news-and-updates/press/2006/detriment> 3rd February 2006

Top 20 areas of detriment	Consumer costs £M	Volume of problems*
Insurance	792.9	753,922
Home Maintenance And Improvements	585.8	1,080,848
Professional Services (E.G. Lawyers, Accountants)	557.8	314,819
House Construction	527.8	157,373
Personal Banking	486.8	2,041,022
Estate Agents And House Purchase Services	479.0	253,493
Pensions	477.2	184,436
Second Hand Cars	342.6	276,900
Petrol And Oil	206.9	123,432
Mortgages And Secured Credit	190.2	305,633
Holidays	169.4	847,759
Furniture	156.9	693,341
Time Share	138.8	137,997
Holiday Caravan Renting, Caravan/Camping Sites And Boats	126.2	93,771
New Cars	123.9	241,111
Car Repairs And Servicing	99.2	354,614
Personal Computers, Accessories, Software And Services	98.3	1,000,549
Telecommunications (E.G. Mobile Or Fixed Line Telephone)	90.6	2,129,695
Transport	87.2	693,109
Domestic Fuel (E.G. Gas And Electricity Services)	85.8	2,230,344

* estimated from the volume proportion in the OFT sample and the OFT's total estimate of 26 million consumer problems in 2008.

FIGURE 3: High detriment areas and nature of the goods and services (NCF)

¹¹ OFT: 'Consumer detriment: Assessing the frequency and impact of consumer problems with goods and services' Ref: OFT992, April 2008



Frequency and durational assessment undertaken by the National Consumer Federation

2.6 Potential problems with web-based review schemes

Although peer review has undoubtedly empowered consumers, it is not a perfect system and is open to abuse in a number of ways. The main problems are:

- **Quality assurance** - reviews may be fake/ bogus, posted by competitors, companies themselves or people that aren't genuine customers. "The biggest problem raised by consumers was the potential for misleading or fake postings by individual consumers, providers or their competitors", according to Consumer Focus in its 2012 report.
- **Honesty/ balance/ transparency** – are all reviews made public? Is it only the good ones that make it onto the site? Or only the bad ones?
- **Managing expectations** - different people have different needs and expectations so one person's perception may be completely different to someone else's who has received exactly the same goods or service
- **Emotional outbursts!** - people often use sites to vent anger which may not give a fair and balanced view

There is also a risk that markets are narrowed as consumers only use a select few businesses with the highest ratings, creating a self-perpetuating cycle where people only opt for the highest rated B&B in town, for example, not even trying out others that may be just as good. The most used services get the most reviews and so the cycle goes on.

2.7 The way forward: improving the consumer experience

In theory, this shift of power and access to more detailed information about products and services is good, but the reliance on web-based trust schemes – not only review sites but schemes that claim to approve, vet, monitor or check businesses in some way - is something that consumer and public interest organisations need to look at with a critical eye.

On a practical level the proliferation of schemes from multiple providers using multiple logos can be confusing for consumers. On a deeper level, issues arise from consumers placing so much trust in schemes that may or may not be worthy of that trust. There is a broad assumption by consumers, as Consumer Focus found in its 2012 report, that other consumers can be trusted. This may be true, but can they trust the middle men – those that provide and manage the schemes? In summary, are these schemes unbiased, fair and operating in the best interests of consumers?

Our research investigates these questions. Read Section 4 for our key findings and Section 5 for our recommendations of 'what good looks like'.

2.7.1 What do consumers want and need?

Broadly speaking, consumers have the right to expect a certain level of quality from the goods and services that they use.

Legal rights

Many consumer rights are set by legislation, such as the:

- Sale of Goods Act 1979
- Supply of Goods and Services Act 1982
- Unfair Contract Terms Act 1977
- Consumer Protection from Unfair Trading Regulations 2008

The proposed Consumer Rights Bill plans to update and strengthen consumer protection laws.

Consumer principles

Some consumer rights are bound into consumer principles, defined by the international consumer movement. In 1962 US President John F. Kennedy outlined his vision of consumer rights. Over time, the consumer movement has developed this into a set of eight basic consumer rights, now frequently used to assess if the needs of consumers are being met by various goods and services.¹² They include the right to be informed, the right to choose, the right to be heard, the right to redress and the right to consumer education.

¹² Consumers International <http://www.consumersinternational.org/who-we-are/consumer-rights>

Information about traders

In 2002 the National Consumer Council published 'Trading Information'¹³, which made the case for an information service for consumers based on the track records of traders. Based on focus groups research, it came up with criteria of what it thought consumers would want from such a service:

- Advice delivered by an authoritative provider through a variety of access points.
- To know positive and negative information about potential traders – including hard facts and opinions of previous customers
- Information to be comprehensive, up to date and cover as many businesses as possible
- A summary of the key information about traders but they want it to be supported by detail.
- Information to be tailored to their individual circumstances and be easy to use.

A lot has changed since the NCC published its report, although much of the ideology remains the same. Any new consumer trust scheme should take legal requirements, consumer principles and the current views of consumer and public interest organisations into account to ensure that the scheme targets issues that really matter to consumers and remains relevant, effective and fair.

¹³ National Consumer Council, 'Trading information: the case for a one-stop information service based on the track records of traders', Oct 2002

3. OUR RESEARCH

3.1 Research objectives

Within the context of the Consumer Charter for Regulators, one of the NCF's key objectives is to support more effective self regulation that builds trust from consumer feedback. One way this could be achieved is by helping to establish benchmarks for consumer trust services, including those that offer consumer feedback.

The overall aims of this project were to:

- Bring together a detailed analysis of the main consumer trust sites, their features and facilities and the quality of the consumer views provided.
- To analyse 'what good looks like' for consumers in order to provide trust utilising consumer feedback especially when professionals or trades claim to be bound by codes of practice.
- To recommend a benchmark for "what good looks like" from the consumer perspective for such services.

3.2 Research methodology

To achieve the research objectives we carried out:

- A literature review
- A review of consumer trust schemes based in the UK
- A review of how professional organisations address consumer detriment by use of codes of practice and specific requirements.

3.2.1 *Literature review*

We conducted a broad review of previous research and articles concerning codes of practice, consumer detriment, consumer trust schemes and compliance. See full bibliography in Section 8 of this report.

3.2.2 *Review of existing consumer trust schemes*

Selection criteria

The main criteria for selection were:

- UK based
- Public website available
- Claiming to raise consumer trust/ confidence in the products/ services listed
- Use of company name/ logo as a recognisable badge of 'trust'

- Consumer based feedback and/ or business approval scheme
- Non transactional sites – where primary purpose of site is not to sell
- Established for at least two years

Selected trust schemes

After initial scoping research over 20+ sites, we identified 12 sites that covered a range of products and services - from local traders to business professionals, hotels, restaurants, websites and electrical products. The schemes chosen for further research were:

- Buy with Confidence (TSI)
- Checkaprofessional
- Checkatrade
- Consumer Codes Approval Scheme (OFT/ TSI)
- Rated People
- Reevoo
- Reference Line
- Safebuy
- Tripadvisor
- Trustatrader
- TrustMark
- Which? Local

Data collection

Data collection was carried out during January and February 2013 by reviewing scheme websites. This methodology was chosen as we wanted to replicate the consumer experience as closely as possible by using easily accessible, publicly available information. The level of detail given was also an indicator of each organisation's commitment to transparency. For each scheme we collected information about:

- **Independence/ impartiality** – who operates the scheme and who is it backed by? Do businesses have to pay to join? What are member benefits?
- **Coverage** - what is the market coverage/ scope of the scheme?
- **How do businesses get listed** – business application or consumer referral?
- **Accessibility** – who can/ can't access the information on the site?
- **Information** - what information is given to consumers? What claims are made?
- **Business assessment** – what are the vetting procedures, costs of membership, codes of practice?
- **Consumer feedback** – how is it gathered, managed and monitored?
- **Complaints** - how are complaints and negative reviews handled?

Note: The findings in our report are based on information that was evident on the websites at the time our researchers conducted the study.

3.2.3 Detail matters: A review of codes of practice used by professional organisations

The role of codes of practice in setting guidelines - or benchmarks of good and fair practice - for members to follow is a key complement to consumer feedback. In fact many professional organisations use codes of practice as a way of enhancing consumer confidence and promoting consumer trust, regardless of whether consumer feedback is an element of the scheme or not.

Such codes of practice, or standards, include the detailed requirements that need to be met to fulfil the technical and less tangible aspects of the trade or service offered. Within the constraints of the project it was not feasible to undertake a major survey of codes of practice so we examined three market sectors, each with high levels of consumer detriment, to assess how codes of practice are used to address key consumer issues and to convey trust. The specific sectors were:

- Estate Agents - both residential property sales agents and rental agents
- Building trades - plumbers
- Insurance - payment protection

We also looked at the international standard for complaints handling (ISO 10002).

Each code, standard or guidance document was studied and the individual requirements in each section noted, then counted. Numbers of requirements and section topics were recorded in order to capture key elements (topics) that need to be addressed in a good code of practice, as well as illustrating the depth, i.e. the number of requirements, to which a good code of practice may have to go to underpin confidence, fairness and trust for the consumer.

Note: this is the first stage of a methodology for standards and codes analysis for benchmarking and evaluation by requirements (SCABER).

4. KEY FINDINGS

4.1 Quickly changing market

There are few long-established consumer feedback schemes. Lots of similar schemes have popped up in recent years then disappeared. The sheer number of sites and schemes can be confusing for consumers. There are lots of different sites for consumers to visit and lots of different logos. What do they all mean? How do consumers know which ones they can trust?

4.2 Types of trust scheme

There are lots of different UK based trust schemes purporting to offer trust and all have slightly different ways of operating. However, our review identified several ways that schemes could be categorised:

4.2.1 *By function - transactional vs non-transactional*

- Transactional sites – where primary purpose is to sell, but customers leave reviews about products/ services eg: Argos, Amazon, Ebay, John Lewis
- Non-transactional sites – where feedback is main purpose eg: Checktrade, Reevoo

4.2.2 *By services offered:*

To consumers.....

- Providing a platform for consumer feedback
- Giving advice about how to buy/ choose for various services and professions
- Additional services - price comparison, forums

To businesses.....

- Giving a stamp of approval or vetting businesses
- Supplying a marketing/ advertising package

4.2.3 *By method of business being listed/ 'accepted' into the scheme*

- Business application – the businesses are usually seen as the 'members'
- Consumer referral – the consumers are usually seen as the 'members'

4.2.4 *Two key models:*

We identified two common categories:

- To endorse a business, based on a code of practice, a checklist of criteria, verification of qualifications/ training, memberships etc.

- To use consumer feedback ratings.

Some schemes use only one of these methods. Others use a combination of both.

FIGURE 4: scheme providers and type of service provided – business approval/ consumer feedback

Company name	Business approval - does scheme claim to 'check' or 'vet' businesses before they can join the scheme?	Consumer reviews - does scheme publish consumer reviews of products/ services?
Buy with Confidence (TSI)	Yes	Yes - for some businesses but not all LAs do this yet
Checkaprofessional	Yes	Yes
Checkatrade	Yes	Yes
Consumer Codes Approval Scheme (OFT/ TSI)	Yes	No
Rated People	Yes	Yes
Reevoo	No	Yes
Reference Line	No	Yes
Safebuy	Yes	Yes
Tripadvisor	No	Yes
Trustatrader	Yes	Yes
TrustMark	Yes	No
Which? Local	No	Yes

4.3 Coverage

In the National Consumer Council's report, 'Trading Information',¹⁴ it recommended that: 'to be successful sites should have broad coverage'. In theory broad coverage is good - the wider geographical area and the more services that are covered the more consumers can potentially find the scheme useful.

But, to be useful to consumers, broad coverage needs to be coupled with high numbers of reviews. The more reviews there are for each trader or service provider the higher confidence consumers can have in their accuracy. However, in some cases we found that schemes with broad coverage had very low sample sizes. For example, Which? Local covers a huge variety of different traders, professionals but many reviews have only 1-2 reviews. Other schemes could not offer a trader within a 40 mile radius of the sample postcode (south east based) which again could reduce the usefulness of such a scheme.

¹⁴ National Consumer Council, 'Trading information: the case for a one-stop information service based on the track records of traders', Oct 2002

4.3.1 Which trades, professions, products and services?

There are hundreds of review sites that focus on very specific markets, for example, poker sites, dating sites, cruises or video games. Such 'niche' sites may be useful to select groups of consumers but will not be relevant to the majority of consumers. For the purposes of our research we selected sites that covered a broad selection of trades, professions, products or services, or those that would be used by the largest groups of consumers:

FIGURE 5: Scheme provider and market coverage

Company name	Trades/ services/ products covered	Coverage - as claimed by scheme provider*
Buy with Confidence (TSI)	IT, home maintenance, retail, domestic appliances, travel	53 local authorities across the UK. Over 5,000 businesses listed. UK wide
Checkprofessional	Professionals - lawyers, dentists, surveyors, accountants, IT repairs	Relatively new site.....UK wide
Checktrade	Traders - plumbers, electricians	8,950 businesses listed. UK wide
Consumer Codes Approval Scheme (OFT/ TSI)	Variety - property, will writers, vehicle repairs, direct sellers	12 trade associations currently have approved codes. 3 in application
Rated People	Traders - plumbers, electricians	More than 1 million jobs posted. More than 30,000 tradesmen using the service. Over 200,000 reviews.
Reevo	Products - washing machines, cameras	Over a million reviews
Reference Line	Estate agents, removal companies, plumbers, decorators.	UK wide but limited choice of professions/ trades.
Safebuy	All web retailers	No information on number of companies accredited.
Tripadvisor	Hotels, B&Bs, restaurants, cafes, pubs	Worldwide. More than 75 million reviews. Operates in 30 countries worldwide.
Trustatrader	Traders such as plumbers, builders, glaziers, tree surgeons, gardeners	UK wide
TrustMark	Home maintenance and improvement firms - eg: builders plumbers, plasterers, kitchen fitters	UK wide. 23,000 approved traders
Which? Local	Very broad coverage - tradesmen, plumbers, builders, cafes, restaurants, hairdressers	UK wide. Over 125,000 moderated reviews

*Information correct at January 2013

4.4 Impartiality/ conflicts of interest

A scheme needs to be clear about what they are offering to consumers and who is behind the scheme, but not all were up front about this on their websites.

4.4.1 Who's behind the scheme?

Of the 12 sites we looked at, eight were provided by private organisations (ie: profit-led) and four were provided by consumer or public interest organisations.

The scheme provider will clearly have some influence on people's perception of the scheme and raise the question of whether it has consumers' interests or profit at heart. Schemes such as the OFT/ TSI codes of practice, Buy with Confidence scheme and Which? Local are likely to inspire increased levels of consumer trust because the organisations behind them are well known for acting in the consumer interest.

That is not to say that an independent business does not, or cannot, act in the consumer interest but consumers are likely to question the motives of schemes run by profit-making organisations.

FIGURE 6: scheme provider and cost to join

Company name	Scheme provider	How do businesses get onto the scheme? Consumer referral or business application	Do businesses have to pay to be members of the scheme?
Buy with Confidence (TSI)	Trading standards	Business application	Yes
Checkaprofessional	Private business	Business application	Yes
Checkatrade	Private business	Business application.	Yes
Consumer Codes Approval Scheme (OFT/ TSI)	TSI (transferred from OFT on 1st April 2013)	Business application	Yes - scheme operators No - firms
Rated People	Private business	Business application	Yes
Reevoo	Private business	Business application	Yes
Reference Line	Private business	Business application	Yes
Safebuy	Private business	Business application	Yes
Tripadvisor	Private business	Consumer referral	No. Unless businesses want to upgrade to a 'business listing'
Trustatrader	Private business	Business application	Yes
TrustMark	Non-profit organisation	Business application	Yes - scheme operators No - firms
Which? Local	Non-profit organisation	Consumer referral	No

4.4.2 Getting onto the scheme

How businesses get on to the scheme is another factor that could affect consumer perception and experience. Ten of the 12 sites only list businesses that apply to become 'members' of the scheme, which implies that the businesses have 'stepped up' in some way and proactively sought to improve the way that their business is viewed by consumers. Their actual commitment to improve is dependent on the nature of the scheme, the membership criteria that it stipulates and the monitoring carried out.

Only Which? Local and Trip Advisor will accept businesses to be listed based solely on consumer referral. On one hand, this is useful for consumers because, in theory, it offers broader scope and market coverage - any business can potentially be listed rather than just those that have applied. On the other hand, the lack of business involvement can impose limits on the scope of the scheme as businesses are not given the opportunity to participate or to make any commitments to improve, for example, by following a code of practice.

TripAdvisor recently amended its membership terms and businesses can now apply to be listed on the site. This gives the scheme a little more balance as both consumers and businesses have the power of application/ referral.

4.4.3 Cost to join

Of the ten schemes that ask for businesses to apply for 'membership', all ten charge a fee (see FIGURE 6 above). Of those that publicly advertise membership fees, these range from around £200 per year up to around £800 per year, which represents a lot of money, particularly for a sole trader or someone who is self employed.

High membership fees, which appear substantially higher than reasonable administration costs, could bring the integrity of the scheme into question. If businesses fund the scheme it begs the question of impartiality. Is the scheme working in the best interests of consumers or those companies that pay the bills? Can a scheme operator genuinely claim to have consumer interests at heart, or to be treating consumers fairly, if member businesses create such a high revenue stream?

This also raises questions about how stringently 'paid' scheme operators check up on businesses and how likely they would be to suspend or expel a company that behaved badly. Once it becomes evident that businesses have to pay hundreds of pounds each year to be listed a consumer might question the scheme's main motivations and goals.

4.4.4 Transparent purpose

Knowing the main purpose of the scheme can help consumers to make up their minds to what extent they can trust the information provided.

- **TripAdvisor** - initially comes across as a consumer review site, but businesses can now pay to upgrade their listings, giving them more control over managing their content. This could create some confusion for consumers about the motivation of the scheme provider.

- **TrustATrader** – limits businesses of same type in one area to a maximum of ten ‘to ensure that they get a good return on their investment’. This seems to go against its promise ‘to give consumers the best choice of professionals’.

4.4.5 Marketing

Different schemes offer varying amounts of advertising and marketing for member businesses. Clearly businesses that have committed to a trust scheme want a way to promote this fact to potential customers, such as a logo. But in some cases the marketing package is so comprehensive that businesses could simply be paying for the instant reputation boost that membership of that scheme will provide.

For example, the Checkatrade business model offers ‘unlimited marketing materials’ to members. Although it claims to vet businesses, and does show consumer feedback, one of the main draws for members is the instant trust and recognition that the Checkatrade logo will bring, enhancing consumer confidence in their business. We found several traders on online business forums discussing the benefits of being a member of a consumer trust scheme compared, for example, with other marketing methods such as advertising in the local paper or creating their own website and promotional materials. Many claimed that business had increased dramatically since becoming a member of a trust scheme.¹⁵

4.4.6 Claims to businesses

Those schemes that charge the highest joining fees seem to make the boldest promises to potential members. Of course they want to ‘sell’ their scheme but businesses should be wary of claims.

- **Checkprofessional** - “Get the reputation your professionalism deserves”.
- **Checkatrade** - "Build your reputation and gain credibility and consumer confidence"
- **Rated People** - “Get high quality job leads every day. Create a steady flow of work all year. Be more productive, earn more money. Choose where you work. Grow your reputation.”
- **Reevo** - “Send sales soaring with reviews and recommendations. Our social commerce solutions deliver a sales uplift of 18%. Increase traffic with social content. Understand and engage your customers. Our feedback tools generate invaluable business insights and improve loyalty.”

4.5 Accessibility

We investigated each of the 12 schemes to see who could access the information about the businesses listed. On ten of the sites information was publicly available to all consumers. There were two exceptions:

¹⁵ UK business forums

- **Rated People** – consumers have to enter detailed information about themselves and the work they want doing in order to access data on the site
- **Which? Local** – only available to Which? members who have to subscribe

Cost is also an important part of accessibility. Obviously scheme operators want as much ‘traffic’ to their sites as possible and don’t want to put people off from using their services. So it’s not surprising that 11 of the sites were free for consumers to access. Which? Local is free for Which? members but Which? Local content is only available to Which? members, who must pay an annual subscription to get the magazine.

The accessibility of a website to people with disabilities is also important, as all internet users should be given equal opportunity to access the information and services contained on the site. In order to achieve this website design needs to be inclusive, making websites easy to view and navigate and offering users the option to customise pages where possible. For example, having the ability to increase font size would make viewing a site easier for those with visual impairments.

4.6 Quality and quantity of information

The right to information is one of the key consumer principles and for consumers to make informed purchasing decisions they need accurate and relevant information about prospective service providers. Sites vary hugely in the quality and quantity of information provided to consumers. Some provide the bare minimum business details and others give additional information and helpful advice. Information can help empower consumers by giving details needed to make informed choices, but it can also help to manage expectations.

4.6.1 General information and advice

General advice - for example “don’t pay up front” or “get at least three quotes” - can be useful to consumers, particularly if they have limited experience of that type of purchase or lack of knowledge about consumer rights.

When it came to giving extra advice the schemes run by consumer and public interest organisations stood out. The Buy with Confidence Scheme (run by Trading Standards), TrustMark and Which? Local all provided good general advice on how to choose products and deal with traders. Of course, if a site promotes trustworthy businesses then the advice may not be needed as much, but knowledge is power and can give consumers confidence during the transactional process.

4.6.2 Advice about specific trades

Consumers need specific advice about potential trades and services so that they can make informed decisions and know what to expect, but only three of the 12 schemes provided any detail on this at all.

Which? Local gave the most detailed, helpful information about specific trades – with information about what a ‘good’ trader should do, average costs and time taken to do the job. This can help consumers know what to expect so that they are better able to identify when they are being ripped off or being treated unfairly.

FIGURE 7: Scheme providers and information given

Company name	<u>General</u> advice about choosing/ using / buying	<u>Information about specific trades listed</u>	<u>Information about individual businesses</u>
Buy with Confidence (TSI)	General advice on getting quotes, paying deposits, dealing with disputes	None	General contact info. Type of work undertaken. Trade associations.
Checkprofessional	None	None	General contact info. Types of work undertaken. Details of insurance. List of qualifications and accreditations.
Checktrade	None	None	General contact info. Types of work undertaken. Details of insurance. List of qualifications and accreditations plus links to check that this is up to date.
Consumer Codes Approval Scheme (OFT/ TSI)	Very general advice about using each of the listed trades.	None	Basic contact details, industry type and code sponsor.
Rated People	Yes	Some information about DIY, regulations, questions to ask your builder. Also a forum	More information available once you get through to the trader's website. But can only access this if you post a job and they pay for your lead.
Reevoo	n/a	n/a	n/a
Reference Line	None	When leaving feedback customers are asked to rate businesses against a checklist specific to this type of service provider.	Previous reviewers can leave information about the type of work done and money spent. There is space for companies to give more information about their staff and what they do but not used by all.
Safebuy	None	n/a	n/a
Tripadvisor	None	None	General contact information plus space for photos.

Trustatrader	None	None	Summary info. Space for gallery photos of past work. Text direct service, link to website. Qualifications and associations.
TrustMark	'Essential advice' which gives a checklist for consumers eg: get at least three quotes, don't pay in advance	None	Very basic. Just contact info
Which? Local	Lots of useful information and advice, plus access to forums.	Lots of very useful trade-specific information. How long certain jobs should take. How much you should expect to pay. Plus forums.	Just location, contact details and website

When asking for customer feedback ReferenceLine asks customers to rate businesses against a seven to ten point checklist, which tells them what to expect from this specific type of service provider. This was the only scheme to give such specific information and to use it in the review process to ensure that feedback is relevant and based on specific criteria for each trade. Rated People provided some very limited trade-specific information.

4.6.3 Information about individual businesses

Of those sites that list service providers (as opposed to products) all provide basic contact details of the business. But others went further by providing detail such as: type of work carried out; photos of previous work/ service provided; qualifications; memberships of trade associations. Of course, this information is only helpful to consumers if it is true, so it is essential that scheme operators check this information and assign responsibility for keeping this accurate and up to date.

4.7 Claims

Some scheme operators use claims to gain consumer trust. For example, Checktrade says: "Where reputation matters"; "we are independent and impartial"; "we are transparent and fair in the way that we operate". Reevo says: "Reviews you can trust. No fakes and no censorship. We promise. We're independent."

Checktrade plays on consumer fears about rogue traders by claiming to be: "The answer to the UK's rogue trader problem".

By law businesses can't mislead consumers or make statements about their products or services that are untrue. But that doesn't mean that it doesn't happen, so consumers should be wary about claims made by trust schemes, as the case study below illustrates:¹⁶

CASE STUDY: REVIEW SITE CLAIMS

In 2012 the ASA upheld a complaint against TripAdvisor for claiming that: 'reviews you can trust', 'trusted advice from real travellers' and 'more than 50 million honest travel reviews and opinions from real travellers around the world' were misleading and could be substantiated, because they understood that TripAdvisor did not verify the reviews on their website and therefore could not prove that the reviews were genuine or from real travellers.

The ASA investigated and upheld the complaint. The ASA told TripAdvisor that the advertising must not appear again in its current form, and not to claim or imply that all the reviews that appeared on the website were from real travellers, or were honest, real or trusted. TripAdvisor changed the wording in its hotel review section to:

- reviews from our community
- our travel community has written millions of reviews describing their best and worst holiday
- read reviews from millions of travellers

4.8 Business approval schemes

Eight of the 12 schemes claim to 'approve' businesses in some way, leading consumers to believe that the business is trustworthy, above board, will deliver a good quality service and is not a 'cowboy' or a 'rogue trader'. But how stringent are these checks and how much trust should consumers place in them?

Giving approval to a particular business is potentially risky for the scheme operator as it gives the impression that they are taking some kind of responsibility for the actions of the trader or service provider involved. However, it is impossible to 'guarantee' that a trader is honest or trustworthy and will always carry out high quality work. In reality even the best traders and professionals will occasionally make mistakes. It is how they deal with them that counts. It is important that scheme operators reflect this in their marketing information and do not raise consumer expectations unrealistically. High levels of quality are needed as are honesty and fair dealing.

4.8.1 Prior to membership

Seven of the 12 schemes claim to assess or 'vet' applicant businesses before allowing them onto the scheme. Only five give details of what that vetting process entails:

16 www.asa.org.uk/Rulings/Adjudications/2012/2/TripAdvisor-LLC/SHP_ADJ_166867.aspx

Buy with Confidence

Conducts an initial audit where a Trading Standards Officer checks that the business meets with the requirements of the scheme. This includes checking insurance, criminal records, qualifications and training where applicable.

Checkaprofessional

All businesses have to pass a 'stringent vetting process'. When a business applies for membership, it asks them for:

- Proof of qualifications for their profession
- Proof of insurance required for their profession
- Proof of address, normally two utility bills
- Proof of identification, normally a driver's license or passport
- Tax reference code, as proof that they are registered with HM Revenue & Customs for tax purposes.
- References, four from clients or customers, two from other professionals such as their accountant

In addition, it performs a credit check on each new applicant company and new applicants are required to sign and agree to the Checkaprofessional Code of Ethics and Conduct.

Checkatrade

Conducts a personal interview and vetting, which includes: Qualifications, Insurance, 2 x Utility Bills, Identification, Tax reference code, Trading Standards, Referees (minimum of 6) evidence of trading for the last 12 months, Credit Check. Members must sign Code of Ethics and Conduct.

Rated People

When tradesmen sign up to Rated People they are:

- ID checked against electoral rolls, credit reference agencies, UK DL and/or passport
- Checked for Gas Safe certification (heating engineers and plumbers cannot access gas-related work unless they are Gas Safe registered)
- Asked about their Public Liability Insurance
- Asked about their Part P qualifications

Trustatrader

- Minimum of five references
- Copy of insurance documents

- Minimum of two years experience in their trade
- To hold all qualifications required by law to carry out work
- Copies of all current certificates
- For electricians, proof of registration with a governing body, and proof of Part P and 17th Addition Compliance
- For anyone working with gas - current Gas Safe Registration

4.8.2 Monitoring

If businesses are members of a scheme - particularly if they have been vetted or approved in order to join – it's important that they are monitored in some way to ensure that their performance does not fall below required standards and that the scheme continues to be fair to consumers. This can be achieved in two main ways:

- Consumer feedback – the vast majority of schemes claim that they rely on consumer feedback as a way of monitoring businesses.
- Regular, proactive checks on members – for example, the Buy with Confidence Scheme claims that it monitors all businesses via the Citizens Advice Consumer Service. The Safeway scheme says: “we continuously carry out 'mystery shopper' exercises and standards checking to ensure that retailers are adhering to The Code.”

4.8.3 Codes and criteria

Another way to ensure that certain standards are maintained is to set codes of practice as a benchmark.

General codes of conduct

Several schemes have codes of conduct that give general guidance on the way that member businesses are expected to behave. For example, Checkatrade has its own standard that members are expected to meet:

The 'Checkatrade Standard'

Our trades and services pledge to you, their customers, to:

- Be honest
- Inform you of any call-out fees before attending the work
- Be realistic regarding start dates and how long work will take
- Return all phone messages you leave promptly
- Keep all appointments booked and be on time
- If unable to make original time or date, they will call you to let you know and reschedule where necessary
- Let you know immediately if they are unable to carry out estimated work, referring you back to Checkatrade for assistance in finding another tradesperson
- Be courteous and respectful to you, your property and your belongings
- Keep you notified of all aspects of the work being undertaken

- Advise you before commencing any works that generate further costs due to variation from the original contract
- Create an additional contract for any variations to the original contract agreement, signed by both parties (you and the tradesperson)
- Never demand cash
- Never be threatening, or verbally or physically abusive
- Deal with any complaints promptly and professionally

However, the Checkatrade standard consists only of factors that are immediately tangible to the consumer, and many aspects simply define an acceptable level of customer service, for example, not to threaten or abuse customers, to be courteous, respectful and honest. The standard does not address the many detailed requirements specific to the work undertaken – such as the technical complexities of the work and intangible aspects of service - that good traders should meet in order to provide confidence in the quality of their work.

Specific codes for specific trades and professions

General codes of practice, although better than nothing, do not give sufficient detail to ensure that consumers are protected. Different trades vary enormously in the way that they deliver their services and will have specific requirements for customer service, materials, quality of work and redress. To offer good quality protection to consumers a scheme operator should ensure that each trade has its own code of practice, which specifies requirements for businesses operating within that particular industry.

We found only three schemes offering specific guidelines for code content:

- **The Consumer Codes Approval Scheme** - has overarching principles that it uses to assess codes. By having a list of criteria it can evaluate the content of various codes that are specific to a variety of trades.
- **ReferenceLine** – makes use of specific codes for different trades and these are then used to form the basis of feedback questions, so that responses are detailed and useful, rather than being based on general terms.
- **TrustMark** – in addition to TrustMark’s core approval criteria each scheme operator (trade association) has its own approved code and members then have to abide by that specific code.

4.9 Consumer feedback

Of the 12 sites we looked at, ten publish consumer feedback as a way of promoting trust in businesses. The only two that don’t publish consumer feedback are TrustMark and the Consumer Codes Approval Scheme. The Buy with Confidence Scheme has only just started to do this, so reviews are sparse and difficult to find.

Sites that provide a platform for consumer feedback build a sense of community where consumers feel that they are a part of something and can interact with other users, and thereby feel encouraged to give more reviews. Some schemes, such as Which? Local and TripAdvisor, award badges to users for reaching a target number of reviews, thereby encouraging them to contribute more content. Sites such as Which? Local, Rated People

and TripAdvisor make use of forums as another way to develop a sense of community and share information.

4.9.1 Open to abuse

As detailed in section 2.6 of this report, one of the key problems with consumer feedback is that it is open to abuse. There have been reports in the press and from consumers about:

- Businesses leaving poor reviews about their competitors
- Consumers being offered money to improve or change negative feedback
- Consumers 'blackmailing' businesses into giving them deals or discounts in return for not slating them online

Research conducted by website Reevoo found that 67 per cent of consumers have concerns about the trustworthiness of reviews, and that more people than ever suspect positive reviews might be paid for and bad reviews hidden.¹⁷

Although consumers place a lot of importance on reviews, they seem to be aware of the pros and cons of such websites, according to Consumer Focus's report, 'In my honest opinion'. Its focus group findings show that consumers don't believe everything that they read and will take time to read several reviews to get a general feel for the business, rather than rely on just one or two. Participants spoke about taking reviews with 'a pinch of salt', sorting 'the wheat from the chaff', 'reading between the lines' and applying feedback as 'part of the mix', using it as one of several factors (including friends and family, expert guides and price comparison sites) to help them make decisions.

4.9.2 Structure of feedback and ratings

Feedback is completely subjective, so what one person thinks is good another might think is bad. One single event, and how it is dealt with, can completely change the tone and content of a customer review. So it is interesting to find out what feedback and ratings are based on and how customers are asked to leave feedback. Are they given free rein to vent their feelings and opinions? Or are they guided in some way to report back on specific aspects of the service or product received?

Of the ten sites that collect consumer feedback we could only find details of the feedback template from eight. Rated People has a closed system so, as a consumer, you can only view feedback once you've posted details of a job. The Buy with Confidence Scheme, run by Trading Standards, has only recently started to collect feedback and we couldn't find any businesses with published feedback.

The remaining eight all ask for a combination of structured feedback, in the form of ratings on specific criteria, and open comment, where customers are free to write what they want.

Consumers like open comments, but feedback can only be really useful if it also contains a rating based on relevant criteria. Some scheme operators ask consumers to rate businesses

¹⁷ Consumer Focus: 'In my honest opinion' 2012

on general criteria – such as tidiness, courtesy and timekeeping. Although these qualities are important they do not concern the actual quality of the work carried out. Even when quality of work is mentioned it is often in the vaguest terms.

ReferenceLine is the only scheme operator we looked at that bases its feedback on specific criteria grounded in its codes of practice, so consumers are prompted to comment on things that they might not think about if left to write an open comment. Unless ratings prompt you to think about criteria which are specific to the work carried out, and define a level of minimum service, then consumers may not know what to expect from a particular trader. If you don't know what to expect from a 'good' trader, then how can you genuinely know if you are satisfied with their service or not?

4.9.3 Who can submit feedback, about who?

One way to try and minimise the risk of abuse is to control who can leave feedback. Scheme operators have different ways that consumers can leave feedback:

Closed system - review by invitation only

Only genuine customers are invited to leave feedback:

- Safebuy: "Only customers who have bought an item and had it shipped will be emailed a link to the survey - so reviews should only come from genuine customers"
- Reevoo: "If you buy a product from one of Reevoo's business partners you are sent an email asking for feedback. If you have bought something from a retailer we don't partner with, you can still write a review, but you have to provide us proof that you own the product."
- Rated People also has a very strict system as you post your job on the site to ask for quotes and traders then come back to you via the site, so only customers who have used the trader through the site get asked to leave a review.

Other sites rely on traders giving out feedback forms which they ask clients to fill in. This is supposed to ensure that only genuine customers can give feedback, although it is not foolproof of course.

One major problem with this 'feedback card' system is that there's nothing to stop traders being selective about which customers they give a card to. It stands to reason that they are more likely to give cards to customers where a job has gone well, and less likely to give cards to consumers where a job has gone wrong.

Sites like ReferenceLine and Checkatrade try to address this problem by also offering consumers the ability to contact them with feedback if a trader fails to leave a card. But not all consumers would know to do this, or have the motivation to do so.

Closed system - members only

Which? Local is open to members only. You can only leave a review once you are logged in but there is no guarantee that you are a genuine customer or not.

Open review system

Some schemes, such as TripAdvisor, have an open system where consumers can leave reviews about any businesses simply by logging on and creating a user account. This method is more open to abuse as anyone from the general public can create an account and leave a review about any business.

4.9.4 Verifying that feedback is genuine

All schemes offering a feedback facility claim to moderate reviews before they go live on their website. In this way they can intercept any that are offensive, inflammatory or clearly about the wrong business. It is almost impossible to verify the authenticity of every single comment but schemes have tried to tackle this issue with varying degrees of success.

Checkatrade claims that approximately 33 per cent of reviews: “are checked for authenticity by phoning back the customers, or verified automatically via email.”

Rated People claims that it conducts random checks on both positive and negative reviews. Trustatrader also professes to carry out regular spot checks. ReferenceLine says: “Customers can only post feedback once they have a password which is sent to them by the business that they've used (or ReferenceLine).”

There is a need for more transparency of feedback and checking mechanisms.

4.9.5 Libel

It is not only trust schemes and businesses that need to watch what they say. Consumers should also be aware that comments published on public forums or websites could be libellous. In Consumer Focus's research consumers reflected that if providers did increasingly threaten legal action then the rules would need to be very clear at the outset with sites needing to inform consumers in advance of what is acceptable and what their liabilities are.

4.9.6 Dealing with negative feedback

It is important that genuine negative feedback is published, so that consumers can get a fair and balanced picture of a business. However, most sites with a feedback facility do not publish negative feedback immediately, usually deferring publication for a set period of time until they have been in touch with the trader to ask them to put things right or try to resolve things with the consumers.

This can have positive benefits as it helps consumers to negotiate satisfactory resolution to problems they have experienced. However, in some circumstances it could work to the disadvantage of consumers by giving unscrupulous traders or scheme operators the opportunity to manipulate reviews or distort the truth. For example, traders might contact consumers who have left poor reviews and try to 'coerce' them into giving a better rating or review.

Dissatisfied consumers might not want to change their rating, regardless of whether the business puts things right or they might not want to give the trader an opportunity to put things right. For example, if a builder consistently failed to turn up on time and missed

deadlines a consumer may have lost trust in their ability to complete the work and prefer to get another builder to finish the job. Or if customer service was particularly poor a consumer may feel that other consumers deserve to be made aware of this, regardless of whether an apology was received.

4.10 Complaints

One of the key consumer principles, referred to in Section 2, is the right to redress, but only five of the 12 schemes we investigated publish clear information on their websites about what to do if you have a complaint.

However, the nature of some schemes makes it unlikely that consumers would have cause to complain to the scheme provider about a business. If a scheme doesn't have a code of practice, or certain criteria for businesses to meet, then consumers cannot complain that a business has failed to meet specific standards or live up to expectations. For example, neither TripAdvisor nor Which? Local claim to 'approve' any of the businesses listed on their sites, so consumers cannot complain about a business not being 'up to scratch'. Neither site offers information about how to complain but both give contact details if you want to amend or delete a review.

Of the sites that do give information about complaints, most advise that, as a first step, consumers try to resolve complaints directly with the trader or service provider. But, if that doesn't work, there needs to be a 'next step'. Only a few schemes offer mediation or arbitration for disputes that cannot be resolved by discussion with the trader. For example, Trading Standards says that it will mediate on behalf of both parties if there is a dispute between a consumer and a Buy with Confidence trader. Rated People has a Performance Audit team that will investigate complaints and "can act as a mediator". Trustatrader says it will "negotiate and arbitrate on behalf of both the Member and the customer to resolve any outstanding issues". In serious cases, it will send out independent specialists to review the work. SafeBuy is the only one to offer access to an external, independent arbitration scheme, run by the Chartered Institute of Arbitrators.

Currently the Consumer Codes Approval Scheme makes it a requirement that all approved codes must include: "the availability of a low-cost, speedy, responsive, accessible and user-friendly independent redress scheme to act as an alternative to seeking court action in the first instance." But TSI plans to change this to include a new right for consumers to insist on alternative dispute resolution (like an Ombudsman or Arbitration) once eight weeks has passed from their initial complaint to the trader.¹⁸

4.11 Removal from scheme

You can't remove a business for 'bad behaviour' if you haven't clearly set out what you deem 'good' behaviour to be. So if you want to the option to suspend or remove a business from your scheme then it is vital to have a code in place that stipulates requirements for membership.

¹⁸ TSI (October 2012) 'Consumer Codes Approval Scheme - Consultation'

Nine of the 12 schemes have some kind of general code of conduct. Four of the 12 schemes claim that they would remove or suspend businesses that failed to meet their standards, or violate their code. However, this is another area where more transparency is needed to improve trust as currently it is not possible to check that a scheme enforces this satisfactorily, and this is particularly important where businesses fund the scheme through membership payments.

Only Rated People gives a clear definition of what it would deem a 'removable offence':

"In the unlikely event that a tradesman has acted unscrupulously, we can suspend an account. Our policy is to close accounts under the following circumstances:

- Tradesman receives any serious complaints from a homeowner in their first month of having joined our service
- Tradesman has received a total of three medium to high level complaints from a homeowner
- Tradesman is acting unscrupulously: including inappropriate language, racism, sexism, threats, bullying and abusing the trust of the homeowner"

4.12 How codes of practice are used to tackle areas of high consumer detriment

4.12.1 Assuring quality

Self-regulation or industry-led regulation refers to regulatory schemes, which obtain their legitimacy through voluntary adoption by industry, rather than being legally imposed by the state. A code of practice is a very common form of self-regulation. A code sets out the rights and responsibilities of both businesses and consumers. We examined codes of practice used in three market sectors of high consumer detriment:

- Estate Agents - both residential property sales agents and rental agents
- Building trades - plumbers
- Insurance - payment protection

As a comparison we also looked at the international standard for complaints handling (ISO 10002). The detailed analysis tables are given in Annex A and the summary results of our assessment are provided below in Figure 8.

FIGURE 8: Number of detailed requirements found in codes of practice and standards to ensure good practice by those who comply

Sector	No. of requirements to be met
Estate agents (sales) OFT Code of Practice	126
Estate agents (rental) OFT Code of Practice	226
Building trades (plumbers) TrustMark Codes of Practice	354
Insurance (payment protection) joint FSA/OFT guidance	280
Complaints handling ISO standard	222

Figure 8 shows that areas of high detriment need a great deal of specificity to deal with the complexity and intangibility of the goods and services. Each has hundreds of detailed requirements that need to be met by those providing ‘good’ products and services. The average consumer is highly unlikely to be able to take all these requirements into consideration so it is vital that they are stipulated in codes of practice and that any feedback systems are built on this foundation.

We believe that a good web based consumer feedback system will be backed up by:

- Codes of practice and standards that give sufficient detail to promote confidence in the quality of the services
- Compliance processes that generate trust through high levels of conformance
- Transparency from scheme members

A foundation of detailed codes of practice, coupled with consumer peer review, in the more complex or high detriment consumer markets should lead to better informed consumers that are more likely to make good purchasing decisions and avoid common problems such as dodgy products and rogue traders. So, potentially, this combined approach could reduce levels of consumer detriment.

4.12.2 What codes of practice include

Across the three sectors examined 42 per cent of the sections within the codes of practice addressed the specific detailed technical aspects required for good quality and practice of the services being offered. There was much commonality in the sections and topics addressed that were not technically specific to a sector or service.

The topics found in the sectors examined that represent non technical practices were:

- Introduction to the code or guidance
- Scope of document
- Regulatory regimes that apply
- Who should read the document

- Structure of document
- Status of document
- The application process for a code of practice
- The code of practice organisation
- Membership Requirements
- Experience required
- Qualifications required
- Insurance
- Warranty protection
- Member assessment and monitoring including inspections
- Non compliance with the code and disciplinary processes
- Marketing practices, branding and communication
- Customer Relationships
- Customer care
- Complaints - about businesses to the trust scheme provider
- In-house Complaints Handling.
- Referrals to the Ombudsman and complaints escalation process
- Specific regulations that apply
- Organisation and systems
- Terms of Business, Instructions, Commission and Termination.
- Quotes and Contracts
- Cancellation Rights
- Standards of work
- Duty of Care and Conflict of Interest

It should be noted that:

- None of the formal codes or guides addressed consumer feedback and transparency. Where the mechanism of consumer feedback is a key element of a scheme it is vital that codes of practice include detailed information on the management of the feedback system
- Many codes contain sections that set requirements for advertising and provision of consumer information requirements. These requirements aim to promote fair practices that will reduce the risk of the exploitation of consumers' behavioural biases. Most consumers have a tendency towards trust and will instinctively make decisions that they believe to be best. However, their decision making – both consciously and subconsciously - is heavily influenced by information that they receive, via advertising and company information, so it is essential that clear guidance about these forms of communication is embedded into codes of practice.

5. WHAT 'GOOD' LOOKS LIKE

The aim of this research was to investigate the features and facilities offered by a wide range of different consumer trust schemes to identify what works, what doesn't work and what could be improved upon. It is clear that trust schemes and consumer reviews are valuable tools used by many consumers, yet all operate very differently and have their own strengths and weaknesses. We have pulled together all the best elements from the schemes we reviewed to create a template of what 'good' looks like. Here are our recommendations for a fair, transparent and accessible web-based trust scheme with consumers' best interests at heart:

5.1 The overall structure of a trust scheme

5.1.1 *Element 1 - creation and maintenance of a detailed code of practice*

A good trust scheme should be built on the foundation of a comprehensive code of practice that defines expectations of members and how they deal with consumers. The code of practice should be regularly reviewed to ensure that it remains relevant and responsive to changing markets and consumer feedback.

5.1.2 *Element 2 – regular monitoring and assessment*

Once a good code is in place it is essential that those responsible for the code, and its brand, monitor the performance of those who have committed to abide by it. The scheme organiser's compliance with the code should be regularly assessed by properly qualified independent third parties. Audits should include checking, where the code requires, that product and service testing is adequate. Audits should also check the competence of individual organisations and practitioners, demonstrated by experience, qualifications and processes used.

5.1.3 *Element 3 - complaints handling and escalation processes*

Nobody is perfect and a good trust system should include commitment to good internal complaints handling practices for individual firms or organisations with escalation to independent third party complaints resolution, including Ombudsmen where relevant.

5.1.4 *Element 4 - consumer feedback and choice systems*

Consumer feedback has become a key tool for trust in the modern market place. A good trust system should include a facility for consumer review. It should ensure that the feedback systems are open, transparent, not misleading, fair to both businesses and consumers and sensibly aid consumer choice. In addition to dealing with the overall customer experience, feedback questions should be based upon relevant aspects of the code that deal with specific elements of service provision. It is clear that this is important, particularly in areas that are technically or professionally complex, where certain aspects of the service may be difficult for consumers to identify unless guided by the feedback system.

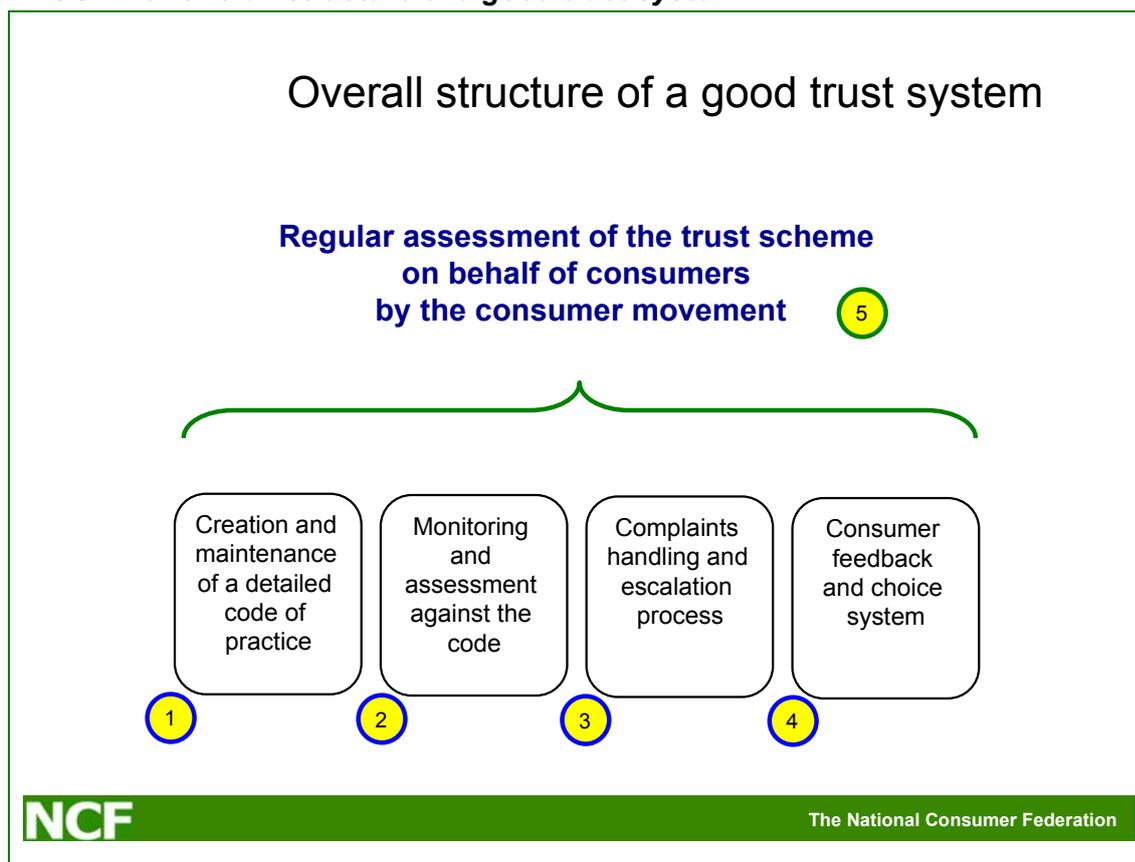
5.1.5 Element 5 - external assessment of the scheme

There are many ways that the key elements of a scheme, as detailed above, might be poorly implemented or deliberately manipulated, thereby undermining trust. This leads to the final and perhaps most important element of trust for consumers, which is for scheme providers to commit to regular assessment of the scheme's performance by the consumer movement. This would allow important questions to be answered such as:

- Have firms who deserve to be removed from the scheme actually been removed?
- Has the consumer feedback system operated in a fair and reasonable way that has provided good choice and guidance for consumers?
- Is the code of practice in line with the latest consumer expectations?
- Has the complaints escalation process worked quickly and made fair determinations?

It is essential that the assessment of a trust system by consumers is organised across the consumer movement as a whole. There is a need to bring together - as appropriate to the code concerned - specific user groups as there are in financial services, communications, health and social care and many other areas. User groups should also include consumer standards experts and representatives from vulnerable groups who may be especially affected by a code.

FIGURE 9: Overall structure of a good trust system



The following sections give more detailed explanation of the Trust Scheme Elements:

5.2 TRUST SCHEME ELEMENT 1: Codes of practice

There are a number of key features that a good code of practice will embrace:

5.2.1 Initial assessment and membership criteria

Before being accepted to the scheme an organisation should:

- Agree to abide to a general code of conduct that denotes its relationship with the scheme provider.
- Have a code of practice, that specifies its behaviour in relation to consumers/ customers, that meets with specific requirements
- Undergo basic checks to confirm:
 - That they are who they say they are – address, contact details and company registration
 - Membership of trade associations
 - Existence of appropriate qualifications – eg; part P, Gas Safe Registered
 - Valid insurance

Businesses should be assessed on the above criteria to see if they are suitable to be accepted onto the scheme. These are basic requirements of membership and should not be advertised as any form of ‘guarantee’ or ‘approval’.

Acceptance to the scheme means that they can:

- Use the logo
- Be put forward for consumer assessment and review

5.2.2 A general code of conduct for members

Organisations accepted to the scheme should agree to some general terms that set out overarching principles and what is expected of organisations that are members of the scheme.

5.2.3 Being fair to consumers

The overarching principle is one of fairness. Businesses must strive to be fair to consumers in all that they do.

To be ‘fair’ a scheme should be free from bias, dishonesty and injustice. Beneath the fairness principle are other factors such as transparency, accessibility and independence.

5.2.4 Working with the scheme operator

Businesses should agree to cooperate with the scheme operator as and when required to discuss problems and resolve complaints. They should also demonstrate a commitment to upholding the approved code of practice

5.2.5 A detailed code of practice that addresses key consumer issues

Organisations accepted to the scheme should base their operations on an explicit, detailed code of practice that embodies 'what good looks like' for the consumer.

This code of practice should be specific to the trade or service being provided to ensure that adequate protection is given to consumers. Codes need to be detailed enough to be helpful to consumers and so they can be used as a measurement of successful delivery.

The principles and specific requirements should be developed with, or agreed by, the consumer movement. Where there are existing standards that address parts of the code of practice these should be used.

Standards and guidance for use within the code should be developed with consumer participation, such as those developed by the British Standards Institute. Standards should be made use of wherever possible as these usually deal with the level of detail necessary for guidance that reflects both consumer and industry interests. Good examples are the International Standard ISO 10002 for Complaints Handling and BS 18477 Inclusive Service Provision: Requirements for identifying and responding to consumer vulnerability

5.2.6 Codes of practice should be specific to each different trade or service type.

The code of practice should deal with key consumer issues that are not immediately obvious to consumers such as:

- The detailed technical aspects necessary for good service and delivery. For example, the quality of materials and items used (no dodgy car replacement parts or inadequate double glazing materials).
- Service features that are intangible and not immediately apparent as with, for example, household insurance selling or property rental services.

The code should be equally fair to both consumers and businesses

- The organisations using the code should be treated on an equal basis, regardless of company size, and payment to the scheme operators,

5.3 TRUST SCHEME ELEMENT 2: Regular monitoring and assessment

5.3.1 Self regulation/ compliance with the code

On a day to day basis, the onus would be on businesses to monitor their own compliance with the code. Compliance management should be detailed in the code making it clear that this is the business's responsibility.

Ideally code scheme processes will undertake assessment of members (probably on a random sample basis) by independent third parties where members of the code do not undertake assessment of their own business of their own volition.

5.3.2 Take action against poor performers

A chance to put things right

Even the best occasionally make mistakes, so businesses falling below the standards set by the code should be given a reasonable time to put things right. To make sure that a scheme is equally fair to both consumers and businesses it has to be recognised that businesses sometimes have to deal with 'rogue consumers'. Businesses that have made mistakes, or acted in a manner not compliant with the code, should be given a scheme warning plus an appropriate and finite period to put things right.

Removal from the scheme

If businesses have not resolved issues following their warning, or if they violate the code with a one-off 'serious misdemeanour', they should be removed or suspended from the scheme and the right to use the logo revoked.

5.3.3 Regular and transparent evaluation of scheme operation

Publicity

To fit with the ethos of fairness and transparency the scheme operator should publish regular reports, with updates of individual business assessments and names of companies that have been served a warning, or removed from the scheme.

Investigations into broader issues

The scheme manager should monitor performance and feedback to identify key areas of concern. Any major problems or recurring issues should be taken up with businesses, or consumer and public interest organisations where relevant, in order to make changes necessary to improve the consumer experience.

Where there are serious concerns about a business's conduct – especially if consumers may be at risk and subject to harm whether it is safety, the consumer's personal reputation, or financial loss - the Code managers should work with the consumer movement to share information about negative customer reviews and experiences, investigations, convictions and complaints.

5.4 TRUST SCHEME ELEMENT 3: Complaints handling and redress

The code should deal with redress and complaints. In the better, well established codes the requirements for a good complaints system already exist.

5.4.1 In-house complaints handling

- There should be a written in-house complaints handling process
- Information should be provided to consumers and customers explaining how to complain to the company and how to escalate complaints, if necessary to relevant organisations such as ombudsmen
- Complaints should be available for inspection
- Complaints should be recorded at the time
- Complaints should be dealt with by a properly appointed representative of the organisation being complained to
- Complaints should be acknowledged quickly, typically within three working days
- There should be prompt and proper investigation

- The outcome of investigation or at least a progress report should be sent to the complainant, typically within 15 days
- Where complaints are serious, and beyond the delegated authorities of others to deal with, a senior independent member of staff should deal with the complaint.

5.4.2 For complaints resolution and redress beyond in-house procedures

- Consumers should be able to refer the complaint to a third party such as an Ombudsman or an independent resolution body
- Code members should cooperate with third party resolution bodies
- Code members should comply with restorative action when directed to do so
- Code members should pay complainants any awards made (promptly)

What 'good' looks like for in-house complaints processes

Using ISO 10002 as a benchmark there are over 200 detailed requirements that a larger organisation should be aiming to meet, as they have more staff, skills and customers than small businesses. However, in Annex A of ISO 10002 there is small business guidance on interpreting and implementing the standard in a manner appropriate to the size and capabilities of their business for example:

- Demonstrate you are open to complaints with for example a sign on your shop door or in the customer information you provide
- Collect and record complaints
- Acknowledge complaints
- Assess complaints for their validity
- Resolve complaints as soon as practical
- Give information to your customer about the action being taken
- When all possible has been done tell your customer your conclusions and record that
- Review complaints regularly

5.5 TRUST SCHEME ELEMENT 4: Effective management of consumer feedback

Good trust schemes for the 21st Century should incorporate consumer feedback. The details of how consumer feedback is managed should be firmly grounded in the code of practice.

5.5.1 Fairness and balance of feedback

Consumer feedback should not be manipulated. Genuine negative reviews should not be excluded or edited. False positive reviews should not be included.

The code system should reasonably balance the interests of the consumer and the companies who receive feedback from consumers, for example, so that a business's reputation or rating cannot be damaged by 'rogue' consumers.

The feedback system should be operated, ideally, by third parties independent of the main code and the members of the code.

5.5.2 *Open to all genuine customers*

The aim is to give all genuine customers the opportunity to leave feedback. Of course, leaving feedback is voluntary and not all customers will do so, but all should be given the opportunity.

No method is completely abuse-proof but risks can be minimised by for example:

- Customers being given a feedback form from the trader
- Customers may approach the scheme managers and be able to prove that they were genuine customers. By providing a receipt and/ or being verified by the business in question.

5.5.3 *Anonymity*

Feedback will need to be attributed to a genuine customer (with name and address) by the scheme managers. However, in order to be confident that consumers are giving honest reviews their anonymity on the public site should be guaranteed.

5.5.4 *Structured feedback*

It is important that feedback follows a set structure so that consumers are asked about particular elements of the service. In this way feedback is more useful and relevant.

5.5.5 *Give the whole picture of consumer feedback*

The scheme provides a platform for those good businesses that want to stand up and be counted. However, a truly fair and balanced scheme should include genuine negative reviews, as well as positive ones.

5.5.6 *Dealing with negative feedback*

In cases where feedback details a complaint, or is strongly negative, it is fair to expect a reasonable delay before posting publicly – so that scheme operators can check that the reviewer is genuine, and that businesses have the opportunity to respond.

However, this must not be abused and negative feedback found to be genuine should always be published in order to give a fair and balanced view of the service provider concerned. To ensure that this is effectively managed there should be mechanisms in place that stipulate:

- The length of delay deemed reasonable between negative feedback being submitted and posted on the website. No greater than two weeks.
- The scheme operators should check with the customer whether they have been approached unreasonably by the reviewed business to amend their feedback.
- The original feedback, if proved genuine, must be published and if the business adds comments the original complainant also has the right to respond.

5.5.7 Providing accurate information to aid consumer choice

Consumer feedback systems are used to aid consumer choice, to find “the good guys”.

Within that role of aiding choice each scheme member should provide information to appear on the feedback system about the nature of the services offered by their firm to help consumers choose those that best match their needs.

For example does this law firm have particular expertise? Will this builder take on smaller jobs? Can this plumber do electrical work too if it is needed? Does this estate agent specialise in the type of properties you are looking for, such as flats for the disabled?

5.6 TRUST SCHEME ELEMENT 5: External monitoring by an independent body

Consumers have a right to transparency and should be able to trust in that transparency. In ‘what good looks like’ certain elements of the trust scheme, including the consumer feedback system, should be monitored by a third party a body that is independent of the scheme operators themselves. Further the overall assessment of the whole system should be credible to the consumer movement and ideally be based inside the consumer movement.

The external to scheme monitoring should assess the quality and transparency of:

- The code of practice and its continued relevance to consumers
- The effectiveness of self regulation against the code in maintaining acceptable standards. For example:
 - Have poorly performing organisations been evicted or not?
 - Is the general level of performance against the code satisfactory?
- Consumer feedback
- The complaints system – particularly arbitration and ombudsmen

5.7 General attributes of the scheme

5.7.1 Provision of transparent, clear information

Sites should give clear information to consumers about:

- Who owns, operates and supports the scheme
- The criteria the organisations must meet to be accepted onto the scheme
- Any costs involved
- Privacy and data protection issues
- Libel – an explanation of the risks involved and the fact that individuals must take responsibility for their own comments

5.7.2 *Business-led applications*

Good practice schemes should require businesses to take a proactive approach to membership so that they must reach quality standards in order to be accepted, rather than simply be nominated by consumers. In theory, this will raise standards as only those businesses that are prepared to stand up and be counted will voluntarily put themselves forward for the scheme.

5.7.3 *Low cost or free for businesses to join*

It may not be practical to let businesses sign up free of charge. But if costs are in place then these should not be prohibitive to small traders and should not exceed reasonable administrative costs.

6. CONCLUSIONS

6.1 General conclusions

In the 21st Century a new form of trust system has evolved that makes use of consumer feedback to increase transparency. It is evident that consumers put a lot of trust in business approval schemes and consumer feedback but our research proves that, at times, that trust could be misplaced. Many of the existing schemes give cause for concern, as they do not operate in a way that we consider to be fair and transparent or in the best interests of consumers.

Our research shows that, in those sectors where the risk of consumer detriment is high and there is the most need for trust, consumer feedback by itself is unlikely to be enough. In these cases it is vital that a well managed system of consumer feedback is backed up by a good quality industry code of practice.

Good practice schemes can and should build consumer trust by combining detailed codes of practice, with newer good quality consumer feedback systems, both of which should be subject to external assessment and monitoring,

What constitutes good practice for codes of practice is well established, for example with codes that have been OFT (now TSI) and TrustMark approved. There is currently no established good practice for consumer feedback systems.

6.2 Establishing a benchmark

We have developed recommendations for what 'good' looks like and none of the consumer trust schemes that we looked at meet all six of our key recommendations:

1. Initial assessment of businesses
2. Detailed codes of practice to deal with specific trades/ services
3. Well managed consumer feedback, based on codes of practice
4. Fair, transparent, low cost and accessible to all
5. Regular monitoring and review by an independent body
6. Involvement of consumer and public interest bodies in the development and management of the scheme

Scheme operators vary hugely in the way that they vet businesses, manage feedback and present information. All schemes have their strengths and weaknesses and some perform very well in certain aspects. But the key element missing from many schemes is the existence of detailed codes of practice, specific to certain trades and services to ensure that member businesses abide by clearly defined principles that form the foundation of the relationship between the consumer and service provider, and spell out what consumers

should expect from businesses that they deal with. Our research into how professional organisations deal with consumer detriment through codes of practice proves that, to be successful in addressing consumer concerns, a code needs to deal with a large number of specific requirements.

Only those schemes based on detailed codes of practice will properly support trust in good businesses and allow consumers to have firm principles against which to base feedback or seek redress.

Many schemes also fall short when it comes to regular monitoring and review of consumer feedback and the performance of scheme members. Two thirds of schemes lack involvement from the consumer movement, to ensure that consumer interests are at the heart of the scheme.

It's clear that all need to improve in one way or another. Some schemes are based on good codes of practice. Others make use of consumer feedback. But in the 21st century consumers need trust schemes that offer both.

7.ANNEXES

7.1 ANNEX 1 - Requirements set by bodies to provide/ ensure consumer protection and confidence

7.1.1 Table: Estate Agents OFT Code for residential sales of property

OFT Code of practice for Residential Estate Agents (selling) - August 2011	No. of requirements
General Provisions	11
Market Appraisal	3
Terms of Business, Instructions, Commission and Termination	28
Energy Performance Certificates (in Scotland Home Reports)	5
Marketing and Advertising	13
Viewing and Access to Premises	7
Offers	15
Financial Evaluation	2
Deposits	5
Duty of Care and Conflict of Interest	8
Between Acceptance and Exchange of Contracts.	5
Exchange and Completion	2
In-house Complaints Handling	7
Referrals to the Ombudsman	4
Compliance Monitoring	2
Non-Compliance with the Code	9
Total	126

7.1.2 Table: Estate Agents OFT Code for residential renting of property

OFT Code of practice for Residential Estate Agents OFT (renting) - October 2006	No. of requirements
General Provisions	12
Market Appraisal	8
Terms of Business, Instructions, Commission and Termination.	26
Marketing and Advertising.	15
Viewing and Access to Property	16
Offers - Clients and Applicants	28
References - Clients and Applicants	7
Letting - The Tenancy agreement, inventories and deposits	35
Rent collection	6
Management	11
Termination of tenancy	5
End of tenancy - deposits, disputes and damages	13
Clients money	4
Duty of Care and Conflict of Interest	9
In-house Complaints Handling	17
Referrals to the Ombudsman	3
Compliance Monitoring	2
Non-Compliance with the Code	9
Total	226

7.1.3 Table: TrustMark – NAPIT Plumbers Code of Practice

Trustmark - Core approval criteria	No. of requirements
Introduction	-
The application process	11
The organisation	8
Members code of practice	30
Member assessment and monitoring	42
Customer care	51
Disciplinary processes	18
Warranty protection	50
Branding and communication	14
Monitoring by the TM board	10
Additional criteria for competent persons scheme operators	8
Total requirements	242

NAPIT Membership Requirements	No. of requirements
Inspection	8
Regulations	9
Organisation and systems	20
Customer Relationships	9
Quotes and Contracts	20
Cancellation Rights	5
Standards of work	8
Complaints	12
Total requirements	91

NAPIT Plumbing Scheme	No. of requirements
Scope of scheme	3
Experience required	1
Qualifications required	5
Insurance	1
Instruments	3
Technical Reference Documents*	5
Inspection requirements	3
Total requirements	21

Overall total number of requirements	354
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* note these documents contain a great deal of necessary technical detail and requirements that have not been reflected in the requirements count due to the unavailability of source documents

7.1.4 Table: FSA OFT joint guidance on Payment Protection Products

Joint FSA OFT payments protection products guidance – January 2013	Ref no.	No. of requirements
Key messages	-	7
Introduction	2,5	4
Scope of document	6-14	32
Regulatory regimes	15-24	19
Who should read this document	25	
Structure of document	26	
Status of document	27-28	
Next steps	29-31	6
Annex 1 : FSA guidance		
Introduction	1.1 - 1.2	4
Terminology used in the report	1.3	
Roles of providers and distributors	1.4-1.7	11
Product risks for payment protection products	1.8-1.10	13
Nature of target market	1.11-1.24	32
Impact of product exclusions	1.26-1.30	6
Affordability	1.31-1.33	4
Stress testing	1.34	3
Events covered by protection	1.35-1.38	9
Successful claim benefits	1.39-1.47	17
Product features and pricing structures - barriers	1.48-1.58	15
Managing product risks during the product life cycle	1.59-1.76	44
Equality and diversity	1.77-1.78	4
Annex 2 : OFT guidance		
Introduction	2.1-2.4	8
The legislation	2.5-2.10	17
The OFT's role	2.11-2.13	3
Structure of guidance	2.14-2.18	8
APR calculation	2.19-2.25	11
Advertising	2.26-2.35	14
Pre contract information	2.36-2-43	14
Adequate explanations	2.44-2.50	13
Creditworthiness and affordability	2.51-2.55	6
Credit agreement	2.56-2.60	9
Unfair business practices	2.61-2.63	13
Regulatory compliance	2.64-2.65	2
	Total	280

7.1.5 Organisational Complaints process - ISO 10002

Topics	No. of requirements
Policy and objectives Responsibilities	45
Planning and Resources	28
Audit and Review	50
Process	40
Recording and reporting	59
Total	222

7.2 ANNEX 2 – How trust schemes compare

	Scheme provider	Accessibility		Provision of information			Proactive business involvement	Low cost or free for businesses
	Developed, run or supported by consumer movement?	Is information about businesses available to all consumers?	Any cost to consumers wanting to access information?	General advice about choosing/buying?	Information about <u>specific trades listed</u> ?	Information about <u>individual businesses</u> - excl. contact details?	Do businesses have to put themselves forward for the scheme?	Do businesses have to pay to be members of the scheme?
Buy with Confidence (TSI)	Yes	Yes	No	Yes	No	Yes, good	Yes	Yes
Checkprofessional	No	Yes	No	No	No	Yes, good	Yes	Yes
Checktrade	No	Yes	No	No	No	Yes, good	Yes	Yes
Consumer Codes Approval Scheme	Yes	Yes	No	Yes	No	No	Yes	Yes - scheme operators. No - firms
Rated People	No	No	No	Yes	Yes, plus a forum	No (not public)	Yes	Yes
Reevo	No	Yes	No	n/a	n/a	n/a	Yes	Yes
Reference Line	No	Yes	No	No	Yes	Yes, good	Yes	Yes
Safebuy	No	Yes	No	No	n/a	n/a	Yes	Yes
Tripadvisor	No	Yes	No	No	No	No	No	No. But businesses can pay to upgrade
Trustatrader	No	Yes	No	No	No	Yes	Yes	Yes
TrustMark	Yes	Yes	No	Yes	No	No	Yes	Yes - scheme operators. No - firms
Which? Local	Yes	No. Only W? members	Yes. Which? subscription	Yes	Yes, plus a forum	No	No - consumer referral	No

	Assessment/ membership criteria	Codes of practice		Monitoring and assessment	Complaints		Action against poor performers	A quality check system plus consumer feedback
	Does scheme claim to 'vet' businesses?	General code of conduct	Specific codes for different business types?	Regular review/ monitoring of businesses?	Clear information about how to make a complaint?	<u>Independent</u> dispute resolution offered? eg: mediation	Can poor performers be removed from the scheme?	Claims to vet businesses <u>plus</u> offers consumer feedback
Buy with Confidence (TSI)	Yes	Yes	No	Yes	No	Yes	Yes	Yes - but few businesses have consumer feedback
Checkprofessional	Yes	Yes	No	No – only via consumer feedback	No	No info (c)	No info (c)	Yes
Checktrade	Yes	Yes	No	No – only via consumer feedback	Yes	No	Yes -suspension	Yes
Consumer Codes Approval Scheme Rated People	Yes	Yes	Yes	No info (c)	No (a)	Yes (a)		No
Reevo	No	No	No	No – only via consumer feedback	No	No	No	No
Reference Line	No	Yes	Yes	No – only via consumer feedback	Yes	No	No	Yes
Safebuy	Yes	Yes	Yes	Yes	Yes	Yes	No info (c)	Yes
Tripadvisor	No	No	n/a	No – only via consumer feedback	No (b)	No	No	No
Trustatrader	Yes	Yes	No	No info (c)	Yes	No	Yes	Yes
TrustMark	Yes	Yes	Yes	Yes	Yes	No	No	No
Which? Local	No	No	No	No - only via consumer feedback	No (b)	No	No info (c)	No

Key: (a) – it is a requirement for scheme providers to include this in their code (b) - you can contact them to amend/ delete a review you've posted (c) – we could find no information about this on the website

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