



the dti

Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA



NATIONAL CONSUMER COMMISSION

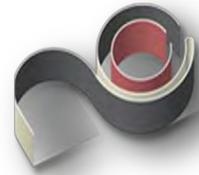
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BRIEFING TO THE PORTFOLIO COMMITTEE ON TRADE AND INDUSTRY

**On the
PRODUCT SAFETY RECALL RELATED TO FORD KUGA
BY THE
NATIONAL CONSUMER COMMISSION (NCC)**

07 March 2017

**Mr EBRAHIM MOHAMED
COMMISSIONER**

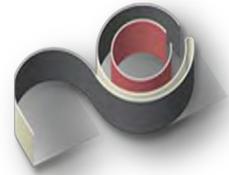


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OUTLINE OF PRESENTATION

- Overview of NCC Mandate in respect of product safety recalls
- Engagement with Ford Motor Company of Southern Africa
- Recall Notification
- Progress Update and/or Reports
- Commissioning of investigation



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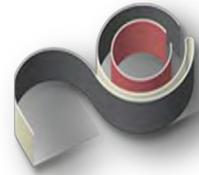
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Overview of NCC Mandate in respect of product safety recalls



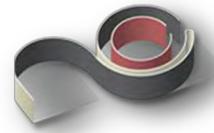
Mandate in respect of product safety recalls (1...)

- The mandate of the NCC regarding product safety recalls is derived from Section 60 of the Consumer Protection Act 68 of 2008 (CPA), read with Section 82.
- Section 60 regulates safety monitoring and product recalls which is aimed at removing unsafe or hazardous goods from the marketplace.
- The NCC has developed and issued general guidelines relating to product recalls. In the absence of guidelines for specific sectors, these guidelines are used by the NCC and suppliers to facilitate recalls of unsafe/ hazardous goods.
- The general responsibilities in relation to a product recall as per the guidelines are, amongst others, the following:
 - conduct a comprehensive risk analysis of the safety hazard;
 - cease distribution/ production or modify production of products identified for recall;
 - Remove the unsafe products from the market;
 - Notify relevant stakeholders;
 - Facilitate return of recalled products from consumers;



Mandate in respect of product safety recalls (2...)

- Store and then safely dispose recalled products;
 - Have a written recall strategy and implementation plan to facilitate recall;
 - Provide progress reports on the recall to NCC and relevant regulators.
- Moreover, the NCC can force a producer or importer to conduct an investigation or to recall a product on any terms required by the NCC if there are grounds to believe that any goods may be unsafe provided that the producer of the goods has not recalled these goods;
 - Once a supplier becomes aware of a safety hazard, the supplier must:
 - Gather and assess the reliability of all available information about the hazard;
 - Determine the cause of the hazard;
 - Conduct a comprehensive risk analysis;
 - Look at all possible ways to address the safety related hazard and decide whether the product can be repaired or modified.



Mandate in respect of product safety recalls (3...)

- With regard to product recalls, the NCC receives:
 - Notice of the recall
 - Recall strategy
 - Communication plan with consumers which must be placed on the supplier's website;
- In order to avoid any confusion, the communication to consumers must include:
 - A product description
 - Picture of the product
 - Description of the defect
 - Statement of the hazard
 - Steps that the consumer must take
 - Contact details for refund, repair, replacement.



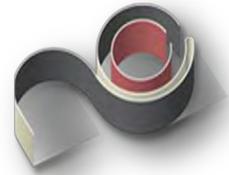
Mandate in respect of product safety recalls (4...)

- Beyond receipt of notices, the CPA requires that the NCC performs the following duties:
 - (i) Receive reports on:
 - The number of products returned from the supply chain
 - The number of complaints and inquiries received regarding the product including the nature of these complaints
 - The number of inquiries received on the recall itself
 - Whether the supplier deviated from the original plan and the reasons for the deviation.
 - (ii) Receive a final report before the recall can be deemed closed. This final report must include:
 - The number of products supplied and the number recovered;
 - Evidence that all entities within the domestic supply chain has been notified of the recall;



Mandate in respect of product safety recalls (...5)

- Information relating to the effectiveness of the communication strategy
 - The action taken to identify and correct the cause of the safety related hazard
 - Information on known injuries or incidents;
 - Final number of complaints or inquiries received;
 - Information and evidence on the manner in which recalled products were destroyed or remedied
- The NCC monitors the information received, and where necessary, conducts inspections and/ or investigations into the nature, causes, extent and degree of the risk to the public;
 - The notification of the recall is usually done by the supplier, sometimes jointly. The NCC assists particularly when it is evident that the supplier is experiencing difficulty in reaching all affected consumers.



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ENGAGEMENT WITH FORD MOTOR COMPANY OF SOUTHERN AFRICA



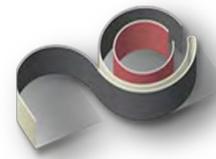
ENGAGEMENT WITH FORD MOTOR COMPANY (1...)

- As part of monitoring the consumer market, the NCC became aware of a reported incident (various media platforms) of alleged fires involving Ford Kugas 1.6 Ecoboost;
- On analysis of the authenticity of the information, though no complaint had been received from any consumer, the NCC chose to:
 - (i) Convene an urgent meeting with Ford Motor Company of Southern Africa on 08 December 2016;
 - (ii) The meeting was confirmed for the 12 December 2016 but was postponed to the 14th December to allow executives and technical experts from Ford to travel respectively from Europe and the United States of America to appear before the NCC.
 - (iii) The purpose of the meeting was to get factual information and develop a roadmap on addressing the plight of affected consumers .
 - (iv) The NCC had also invited the National Regulator for Compulsory Specifications and the Motor Industry Ombudsman to be part of the meeting.



ENGAGEMENT WITH FORD MOTOR COMPANY (...2)

- (i) Flowing from the presentation made by Ford, there was still uncertainty as to what sparked the fires, at that stage, a recall could not resolve the problem, in that Ford Motor Company of Southern Africa would not know what to fix.
- (ii) Informed the NCC that since July 2016, they were only aware of 15 incidences out of the 3650 units that were on the roads. There was no relationship between the incidences that happened in Europe between 2008 and 2010.
- (iii) Though Ford had stated that they were conducting an investigation to determine the root cause, it was agreed that the pace had to be accelerated and the investigation was to be concluded and the report provided to the NCC by the end of February 2017.
- (iv) On NCC's directive, Ford Motor Company of Southern Africa was to rollout a safety check and maintenance programme at no cost to consumers to ensure that at least the risk is minimised for those motorists that will be taking vacation and would be on the roads;
- (v) A contact centre was to be established to deal with customer queries and to coordinate the safety check.
- (vi) From the 20 of December 2016 to the 16 January 2017, 1553 had gone through the safety check.



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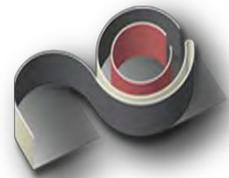
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RECALL NOTIFICATION



PRODUCT RECALL

- During the December holidays, the situation involving Ford Kuga escalated and the media reported 47 incidences;
- This prompted the NCC to convene an impromptu meeting on 13 January 2017, primarily to deal with:
 - (i) The developments during the festive season;
 - (ii) To issue an instruction to Ford Motor Company of Southern Africa to recall the affected Ford Kuga model(s); and
 - (iii) To provide guidelines as to how the NCC would expect the process to unfold.
- However, Ford Motor Company of Southern Africa had come into the meeting to also inform NCC of its intention to voluntarily recall the product. Agreement was reached to issue a joint press release on the 16th January 2017.
- The maintenance check had assisted in providing sufficient data to isolate the problem and develop a solution.
- At about the same time (16th January), the NCC received several complaints relating to the same matter through an attorney indicating that he is representing those complainants.
- The NCC received the official notification of the recall on the 18th January 2017 where in the extend of the problem was outlined in relation to the affected models and the recall strategy was outlined.
- The parties agreed on a bi-weekly reporting schedule.
- At all times, the NCC consulted with MIOSA and NRCS on the developments.



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PROGRESS UPDATE AND/OR REPORT



PROGRESS UPDATE AND/OR REPORT (...1)

- The NCC received the first progress update and/or report on 01 February 2017 where in the following was outlined:
 - i. The models that were affected were the Ford Kugas manufactured in Valencia (Spain) in 2012 to 2013
 - ii. The total number of the units that were affected was 4556 and Ford Motor Company of Southern Africa indicated that they were using every media platform to ensure that they get in contact with all the affected consumers to ensure that the vehicles are attended to.
- The second presentation of the progress update and/or report was done on 02 March 2017 and gave a cumulative figure in relation to the progress.
 - i. Of the 4556 affected units, 2744 had already been refitted;
 - ii. 493 were still with the workshops waiting to be refitted;
 - iii. 1553 went through maintenance check and still had to be refitted;
 - iv. While ± 600 were still to be traced.

PROGRESS UPDATE AND/OR REPORT (...2)

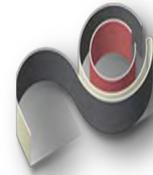
- Though Ford Motor Company of Southern Africa had indicated that they also wanted to institute a recall, the insistence of the NCC meant that all processes had to be realigned to the new schedule.
- Because of the publicity of the recall process, most motorists took their vehicles to the dealerships the following morning and that brought logistics nightmares in relation to service, courtesy vehicles and spare parts.
- NCC assisted in dedicating an email address to filter in all complaints related to Ford Kuga recall services and a protocol was established to escalate those for immediate intervention.
- Ford Motor Company of Southern Africa has assured the NCC that they are communicating with all dealerships even those outside our borders (and they are also part of the process)
- Of those 6– motorists that have not yet responded to the call, the NCC was informed that a request was sent to eNatis to assist in providing contact details.



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COMMISSIONING OF INVESTIGATION



COMMISSIONING OF INVESTIGATION

- As of the 08 February 2017, 45 complaints were received from consumers who had suffered losses as a result of their cars that have combusted or were damaged as a result of the overheating.
- As the complainants alleged that their rights have been violated, the NCC had to deal with them as per its administrative process, a Screening Committee sitting was convened to look into the matter.
- Resolutions were taken during the Screening Committee meeting to recommend an investigation into Ford Motor Company of Southern Africa as there were allegations levelled against the company that allege contraventions of certain provisions of the CPA; and
- The issues raised in the complaints went beyond the scope of the product safety recall, and hence the need for an investigation.

National Consumer Commission South Africa

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