How to Handle Consumer Complaints

Presented by Terry O’Loughlin
January 2015
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Introduction

- How can I be helpful?
- My Experiences.
- Two Rules:
  - Don’t Get Noticed.
  - If You Get Noticed Have a Response Strategy.
Agenda

• You are a big target.
• What is a complaint?
• History of a complaint.
• Where do regulators and attorneys get their cases?
• What else happens when consumers complain?
• Why care about complaints?
• Federal and State Agencies.
• What to Do – How to address complaints.
• Potential costs of complaints.
• Specific BHPH issues.
• Other recommendations.
Dealers are a Big Target
Top 10 Consumer Complaints
August 2013

• 1. Automotive
• 2. Home Improvement/Construction
• 3. Credit/Debt
• 4. Utilities
• 6. Services
• 7. Home Solicitations
• 8. Landlord/Tenant
• 9. Internet Sales
• 10. Household Goods
What is a Complaint?

• Association of Credit and Collection Professionals

• Consumer complaint is defined as a submission that expresses dissatisfaction with, or communicates suspicion of wrongful conduct by, an identifiable entity related to a consumer’s personal experience with a financial product or service.
What is a Complaint?

• For a government agency:
  – Generally, a signed affidavit.

• For an attorney:
  – Client visit.
History of a Complaint

- Consumer visits the store to buy or lease a car.
- During the sales or F&I process something goes wrong.
- Consumer complains to the dealer.
- If nothing happens:
  - Consumer complains to government.
  - Consumer complaint to a private attorney.
Where do Regulators Get Their Cases?

• What is the regulator charged with enforcing?
• Consumer Complaints
• Personal Agenda.
• The Press – Public Media.
Where do Attorneys Get Their Cases?

- Complaints.
- Advertising for complaints.
- Public records requests.

- Over 1,000 consumer attorneys practice only car law in the U.S.
Consumer Complaints

• It is a Ransom Notice.
Why Care about Complaints?

• It’s all about the money.
• How to avoid paying it.
• How to avoid being selected.
• If selected, how to minimize the pain.
  – Cost.
  – Bad Publicity.
Complaint Websites

- CFPB
- www.Consumerfinance.gov/complaint
- FTC
- www.consumer.ftc.gov/articles/0341-file-complaint-ftc
- New York Attorney General
- www.ag.ny.gov/complaint-forms
- Florida Division of Consumer Services
- www.freshfromflorida.com/Divisions-Offices/Consumer-Services
- Others
New York Complaint Forms

- We welcome your complaints. For consumer type complaints, we offer a mediation service if we believe our intervention might assist in resolving disputes. Patterns of complaints involving the same company or a new issue often help us in allocating our law enforcement resources. We also try to assist members of the public in locating the government agencies that can best address their problems. For this purpose, we refer complaints that do not belong with us to the right agency.
- We need complaints in writing. We prefer that you use our complaint form but you are free to put your complaint in a letter. Please remember the following:
  - For consumer type complaints, we encourage you to try to resolve the dispute with the company or individual before filing a complaint with us.
  - Please state your complaint clearly and concisely. You should enclose copies of all relevant documents.
  - Do not send us any original documents.
  - Please understand that in order to resolve your complaint we may send a copy of your letter to the person or firm you are complaining about.
  - If you have questions concerning your individual legal rights or responsibilities you should contact a private attorney.
  - Filing a false complaint is punishable as a Class A Misdemeanor.
- Complaint forms are available in Printable PDF. Complaints regarding price gouging (i.e., increased costs of essential items and services) or Internet-related matters (e.g., online transactions, Internet service provider issues, online privacy concerns, website or email complaints, etc.) may also be filed online.
- Online Forms
  - Submit your information online and upload supporting documents. Please see list of Printable PDF forms for complaints on matters not identified below.
  - Top of Form
  - Internet Bureau Online Complaint Form
  - Internet Bureau Online Tip Submission Form
Submit a complaint

Have an issue with a financial product or service? We'll forward your complaint to the company and work to get a response from them.

Choose a product or service to get started
If you don't want to submit a complaint, you can tell your story.

MOST COMMON
- Mortgage
- Debt collection
- Credit reporting

OTHER PRODUCTS AND SERVICES
- Bank account or service
- Credit card
- Money transfer
- Payday loan
- Student loan
- Vehicle or other consumer loan

CHECK YOUR COMPLAINT STATUS
- Check status
- File a complaint

Para presentar una queja en español, llamar al (855) 411-2372.
Submit a Consumer Complaint to the FTC

QUESTION
How can I submit a consumer complaint to the FTC?

ANSWER
To report fraud, identity theft, or an unfair business practice, visit ftc.gov/complaint, click on the FTC Complaint Assistant icon, and answer the questions.

The more information you can provide about the situation, the more useful your complaint will be. If possible, be prepared to provide:

- Your contact information: name, address, phone number, email
- The type of product or service involved
- Information about the company or seller: business name, address, phone number, website, email address, representative’s name
- Details about the transaction: the amount you paid, how you paid, the date

The FTC cannot resolve individual consumer complaints, but we have tips to help you get your money back.
CARS plays leading role in improving protections for used car buyers

Two new laws improve protection for California car buyers

Despite opposition from “Buy Here Pay Here” auto dealers and Wall Street investors, Governor Jerry Brown signed AB 1447, authored by Assemblymember Mike Fasano, into law. The new law took effect January 1, 2013. It mandates that “Buy here Pay Here” dealers in California must provide at least a 1,000 mile / 30 day warranty on.

C.A.R.S. Mission
CARS is a national, award-winning, non-profit auto safety and consumer advocacy organization working to save lives, prevent injuries, and to protect consumers from auto-related fraud and abuse.

What’s NEW?
GM recalled car repair parts — delays put customers at risk
GM and its dealers have started to perform the safety recall repairs on over 2.6 million vehicles with ignition switches that can turn off in traffic without warning, leaving drivers unable to steer, and causing the air bags to fail to deploy in a crash. However, some owners of recalled cars are likely to experience lengthy delays while they wait for repair parts to arrive at dealerships, and have appointments scheduled for the repairs.
CARS contributes to major series exposing shady practices at "Buy Here Pay Here" auto dealerships

Over a period of more than a year, CARS provided expertise, consumer contacts, and other information that contributed to Los Angeles Times reporter Ken Bensinger's highly acclaimed multi-part series about predatory practices at "Buy Here Pay Here" auto dealerships. The dealers prey on vulnerable low-income consumers who have credit problems, or are unwilling or unable to pay cash, and operate under the guise of simply offering new vehicles that tend to break down or need major repairs soon after purchase. Some hedge fund investors see this as a growing source of funds they can package, securitize and sell on Wall Street.

Part One: A Vicious Cycle in the Used Car Business
How auto dealers profit from "churning" used cars that break down soon after purchase and need expensive repairs. The buyers can't afford

The Los Angeles Times
by Ken Bensinger
October 30, 2011

Read more: www.latimes.com: Buy Here Pay Here part 1

Part Two: Wall Street investors place big bets on Buy Here-Pay Here auto dealers
Exploiting the poor pay big dividends for fat car lenders

The Los Angeles Times
by Ken Bensinger
November 1, 2011

Read more: www.latimes.com: Buy Here Pay Here part 2

Part Three: A hard road for the poor in need of cars
Non-profit programs help struggling families get better jobs, improve their education, and transform their lives

The Los Angeles Times
by Ken Bensinger
November 3, 2011

Read more: www.latimes.com: Buy Here Pay Here part 3

Dealers' repeat sales of same used cars surprisingly common

Los Angeles Times
August 15, 2012
by Ken Bensinger

"The process of selling the same car multiple times, known as "churning," was explored in a series of Los Angeles Times articles last year. Now, a comprehensive analysis of California vehicle sales shows that churning turns out to be a surprisingly common practice in the state.

From mid-2008 to the April, SGI licensed used-car dealers — about 1 in 2 statewide — sold at least one vehicle.
What to Do

• Treat consumer complaints as ransom notes.
• Establish a dedicated telephone line.
• One upper-management person should handle all complaints.
• Documents are your major defense – treat them accordingly.
If You Receive a Complaint from an Agency

• Respond diplomatically immediately promising to cooperate.
• Request the written complaint and any supporting document.
• Study the deal jacket and records to determine if the complaint is valid.
If You Receive a Complaint from an Agency:

• Has a salesman or F&I Manager engaged in fraud or deception?
• Is there a pattern or practice of inappropriate behavior?
• If the matter is a minor one offer a resolution, without being asked.
• If the matter is more serious, contact your attorney.
If You Receive a Complaint from an Attorney:

• Forward it to your attorney.
Other Suggestions

• Monitor government agencies and websites for complaints.
• Use technology to increase your efficiency and reduce costs.
What Are Those Costs?

• FTC
  – $16,000 per infraction

• State UDAP
  – Up to $25,000 per infraction. legal fees, costs, and restitution depending upon the state.

• Class Actions and Individually
  – Actual Damages, Nominal Damages, Consequential, Punitive, Legal Fees and Costs.
What Are Those Costs?

• Dodd Frank Act
  – $5,000 for each day of the violation.
  – Reckless violation: $25,000 for each day of the violation.
  – Intentional violation $1,000,000 for each day of the violation.
Specific BHPH Issues

• Advertise financing for all comers and then turn a consumer down.
• Same salesmen who sell cars at very different prices – hidden finance charges.
• Requiring aftermarket products in order to qualify a consumer for financing.
• Failure to provide adverse action notice.
Specific BHPH Issues

• Violation of credit repair act.
  • May trigger 3 day right to cancel.
• Failure to post sales price.
• Revolving repossession schemes.
• Failure to observe the used car rule.
• Specific BHPH Issues.
Other Recommendations

• Name a Compliance Officer who will also be the Privacy Officer as part of your Compliance Management System.

• Take Advantage of Free Sources of Compliance Information and Support.
  – NADA.
  – State Dealer Associations.
  – Government Sources.
  – FTC, FRB, State Attorneys General, State DMV’s and their websites.

• Rely upon Reputable Vendors Who Can Substantiate Their Due Diligence Regarding Compliance.
Other Recommendations

• Use Standardized Documentation.
• Know what the minimum legal and regulatory requirements are.
• Have someone internally audit the transactions and conduct regulatory reviews at the direction of the Compliance Officer.
• Review the Document Management Procedures.
  – Coordinate them with the Safeguards Rule.
  – Each file should have a checklist of its contents.
Other Recommendations

• All products should be discussed with each and every consumer.
• Subscribe to CARLAW and SPOT DELIVERY or other periodicals.
• Have the Compliance Office become AFIP Certified (Association of Finance and Insurance Professionals).
Other Recommendations

• Invest in ongoing training.
  • On-line and in-house training on a regular and continuous basis.
  • New employee orientation and training.
  • Training should be documented and attendance should be mandatory.
• Protecting against rogue employees.
  • Accurate job descriptions.
  • Update employee manual.
• Fire when appropriate.
Recommendations

• Hire an attorney who understands car law.
• Use a good consultant routinely.
Thank You
Complaint Tracking
3 Pillars to a Complaint Management System

1. Providing a Channel for Complaints

2. Responding to Complaints

3. Identifying Systematic Failures
3 Pillars to a Complaint Management System

1. PROVIDING A CHANNEL FOR COMPLAINTS

- Give your customers an avenue to complain and be open for feedback.
- Create a process to make your happy customers more visible to your potential market.
- Coach your customers during the sales process on how to submit complaints if any arise.
- Establish your threshold for response. What requires dealership response?
2. RESPONDING TO COMPLAINTS

☐ Identify an individual or team of individuals responsible for monitoring and responding to complaints.

☐ Coach this individual or team of individuals what YOUR Complaint threshold is – what requires a response?

☐ Set a timeline specific to acknowledging the complaint and a timeline specific to resolving the complaint.

☐ Create a follow-up process for each complaint category.

☐ Identify which types of complaints require the notification of upper level management? i.e. contractual issues, vehicle delivery, safety concerns... and determine when escalation is necessary.

☐ Train and coach staff of basic complaint resolution: “Listen, Probe, Respond” – In most cases, consumers just want to be heard.

☐ Give consumer sufficient opportunity to present their position.

☐ Determine resolution options and delegate the appropriate decision-making power to the complaint team (e.g. refunds, credits, etc.).

☐ Give consumer reasons for decisions being made whether it is favorable or non-favorable.

☐ Keep personal information regarding consumers confidential.
3 Pillars to a Complaint Management System

3. IDENTIFYING SYSTEMATIC FAILURES

- Record and document complaint decisions and any actions performed.
- Identify recurring themes that may highlight systemic issues.
- Analyze feedback and complaints submitted with the goal to implement better business practices.
- Audit your complaint process on a quarterly basis to ensure processes are being adhered to.
- Report on which members of your complaints team are most effective and achieve positive outcomes with customers. Provide coaching to help all team members improve.
Benefits to Complaint Tracking

Manually track complaints through your CRM
- Solve problems before they reach the public domain
- Document, document, document…

Automatically track complaints through eSurveys
- Receive feedback from customers and prospects
- Email surveys to customers after each sale or service
- Escalate customer complaints and low scoring surveys to managers for immediate resolution
- Guide your “Happy” customers to online review websites

Track customer complaints from conception through resolution. View complaint trends through effective reports
4/17/2014 1:57:55 PM:
Donita purchased last month and states that her vehicle is leaking oil and blowing out white smoke. States, "you sold me a piece of crap and i'm not paying another penny for this..."
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<td>1 - Open Survey: 42.00%</td>
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1. **Your Reputation is your responsibility.**
   The first step is to recognize that you alone are responsible for managing the reputation of your business and your life. Doing nothing, or counting on more laws, is not an answer. Due to First Amendment rights, offensive content, once entered, is often untouchable, and the sources are immune from liability.

2. **Actively Monitor what people are saying about you.**
   You may assert that monitoring the entire Internet space is an impossible problem. Fortunately, there are already tools out there, like Google Alerts (free) and ReputationDefender, which can do the work for you, and send you a daily email report of every link where your name or brand appears.

3. **Proactively build a positive reputation.**
   Maintaining a good reputation means you have to build one early and maintain it. There is a big difference between no reputation with one negative comment, versus 1000 indications of a positive reputation and one negative. Most people accept that no person or organization is perfect.

4. **Quickly Address every negative.**
   Many negative customer experiences can actually be turned into positives, if you quickly and unemotionally acknowledge the problem, resolve it, and spread the positive message before the negative one gets amplified.

5. **Push negative content out of view.**
   In reality, most people will never find negative content, unless a link appears on the first page of search engine results.

6. **Remove unwanted content where possible.**
   Removing your content from the Web is not as easy as canceling your accounts, nor is it completely impossible. You can easily remove content you own (comments on your site or accounts)
What are you doing to KNOW your customers/prospects?

Survey the Customer (Sold/Closed RO or Unsold prospects)

- eSurvey
  - Customer submits Post back to Survey tab
    - No customer response: Assigned to employee or DS Call Center
  - Customer Service Rep submits Post back to Survey Tab
    - If no call made in 48 hours Call is sent to DS Call Center

- “no email” Assigned outbound call
  - Call Center rep submits Post back to Survey Tab

- DealerSocket Call Center
Unhappy customer

Survey is submitted
“response” is below
Desired result

QA event is automatically
Started and assigned

Instant complaint notification
via email/text

Assigned person resolves
customer issue

No customer follow
“escalated to Manager”

Customer concern
Is resolved
Happy customer

Survey is submitted
“Response” is Satisfactory

Customer is automatically
enrolled in
Happy Customer Process

Email generated to encourage
customer to leave feedback
on desired “Review Site”

Only happy customers leave
feedback on your desired
“review site”

REPUTATION
MANAGEMENT
Dear Peter,

Just a note to thank you personally for choosing Craig and Landreth Dixie for your automotive needs. We trust you are enjoying your vehicle.

A large part of Craig and Landreth Dixie’s success is making you happy and to continue serving you well. One way you can help us better serve your needs is to take a moment to complete a brief three question survey about your recent experience at Craig and Landreth Dixie.

Please take our survey:

Rate Us

Again, thank you. We appreciate your business!
BHPH Specific Survey

Please rate your satisfaction based on your experience at this dealership.

Do you feel you received an over positive delivery experience with your new vehicle?

- [ ] Yes
- [ ] No

Were there any problems with your vehicle that were not previously discussed before delivery?

- [ ] Yes
- [ ] No

Based on your experience, would you recommend us to a friend? If not, please tell us how we can be better in the box below.

- [ ] Yes
- [ ] No

Are there any additional comments you would like to share with us?

Submit
Retail Specific Survey

Sales Survey

Please rate your satisfaction based on your experience at this dealership.

How do you feel you were treated at Craig and Landreth?  
Excellent □  Good □  Fair □  Poor □

How would you rate the overall sales experience?  
□ □ □ □

Did the salesperson review the Craig and Landreth VIP Customer Care Benefits Package with you?  
Yes □  No □

How likely are you to recommend Craig and Landreth to your friends and family?  
Very Likely □  Somewhat Likely □  Not Very Likely □  Not At All □

Are there any additional comments you would like to share with us?

Submit
Manage with Information

Drive CSI Metrics
- Survey to sell and understand
- Keep surveys SHORT

Survey Response by Employee

Survey: MarketPlace Social Sal
Begin Date: 4/1/2014
End Date: 4/16/2014

Survey Average by Employee

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Question
- How do you feel you were treated at Craig and Landreth?
- How would you rate the overall sales experience?
- Did the salesperson review the Craig and Landreth VIP Customer Care Benefits Package with you?
- How likely are you to recommend Craig and Landreth to your friends and family?
Thank you for your feedback! We truly appreciate your business and are grateful for the trust you have placed in Craig and Landreth Dixie. If you would like to share your experience with others, we've listed several popular rating sites below to make it easy for you to spread the word. Please click one of the links below to post a short review about your visit.

Go Rate Us!
Thank you for your feedback! We greatly value your business with us, and we hope to see you again soon.
Tristan Emms reviewed in the last week

This was a really great experience. I hate haggling for hours to get set on a price and then going over to finance for another round in the ring. My sales guy Drew Nowak was great and didn't hassle us one bit. Will continue to do business with them in the future.

John Smith reviewed 2 weeks ago

The team was very helpful over the internet and the phone. They came and picked me up and we had the deal done in under an hour, during my lunch break. Not your typical dealership. If you don't like friendly people and good customer service, you should probably shop somewhere else, maybe try a traditional dealership. Bought a 09 VW CC on 2/28/14.

Kharimi Nougat reviewed 3 weeks ago

Transaction went very smoothly. I was a little paranoid going in, not having bought a car in about 15 years and they being in another state, but these guys worked well to make the transaction go smoothly. They didn't hard sell me on anything like warranties and they were able to get me 1.9% financing after my bank would only offer 3.7%. They even picked me up at the airport. The hardest part was not drooling on the other badass cars they had in the showroom.

Maggie Makoge reviewed a month ago

Got my first car here, had been looking for the Pontiac Solstice and been pushed to get several different types of cars from pushy sales men at other dealerships but here, they were extremely customer service oriented n got me the best rate. Great experience!

Meredith Grace reviewed a month ago

I purchased a 2012 Honda Pilot here a couple months ago when they just opened. It was a really easy process, low pressure, and everyone was very helpful. They have nearly every car you can think of.
Lost Prospect Report

Name: Donita White
Address: 538 RYOR VALLEY RD
SHEPHERDSVILLE, KY 40165-9170
Phone: Home
Work
Mobile (502) 817-7556
Email:

Survey Id: 25
Sales Event: 24123
Sales Person: Jamia Foote
Vehicle: 2011 Toyota Camry

Score: 12.600
Vehicle Price: $0.00
Sales Type: Used Vehicle
WIN: 4T4BF3RK2BR097654
Insert Date: 4/9/2014
Purchase Date:
Vehicle Miles: 50749

Question 1: How do you feel you were treated at Craig and Landreth?
Response: Poor

Question 2: How would you rate the overall sales experience?
Response: Poor

Question 3: Do you feel that Craig and Landreth is a good place to buy a car?
Response: Not Sure

Question 4: Would you buy a car from Craig and Landreth in the future?
Response: No

Additional Comments:
Not sure what to think about the sales people at the shop store. The guy I bought my car from is no longer there when I went back to ask a few questions I was put in a new car that I knew a loan would not go through for and told the sales man that and he wanted to try anyway. They called at 5pm and said they couldn't do anything for me so bring the car back and pick up mine.

Prepared by Peter Ord
Generated by DealerSocket
April 17, 2014
Thank you!

Questions?

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@builtordtough