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THE DIFFICULT CONSUMER PROBLEM

Where To Go When All Else Fails

PREPARED BY

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. . . . Where to Go When All Else Fails

U.S. Department of Justice
National Institute of Justice

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United States Office of Consumer Affairs
Washington, D.C. 20201



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THE WHITE HOUSE

WASHINGTON

Dear Consumer:

Resolving a consumer dispute can sometimes be very frustrating. But that does not mean you should give up! If after having contacted the retailer or manufacturer and you still have a problem, you may be able to get help by contacting a third-party complaint resolution program. Such a program (which should be used only when traditional efforts to settle the problem at the retailer or manufacturer level have failed) involves the services of an independent person or persons who can assist you in reconciling certain types of consumer/business disputes. They can provide impartial, inexpensive, and a quick method of settling consumer complaints which, when left unresolved, could result in costly court action. These programs vary greatly in size and scope--ranging from formal mediation by a single mediator or a panel of consumer and business representatives to binding arbitration.

I think you will find this publication very useful in your efforts to resolve consumer disputes that defy traditional methods of resolution.

Sincerely,



Virginia H. Knauer
Special Adviser to the President
for Consumer Affairs

and

Director

United States Office of Consumer Affairs



Everyone is a consumer. . .the greatest fairness for consumers can be achieved through the active cooperation of business, government, and consumers themselves working to insure equity, increased competition, and safety in our free market economy.

An excerpt from President Reagan's Proclamation of National Consumers Week 1983.

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NOTE: While every effort has been made to ensure that the information contained in this publication is accurate and complete, changes may have occurred after going to press. We regret any inconvenience this may cause.

SECTION I THIRD-PARTY DISPUTE RESOLUTION PROGRAMS

ADVERTISING

National Advertising Division (NAD)
of the Council of Better Business Bureaus

845 Third Avenue
New York, New York 10022
(212) 754-1320

Types of Complaints Investigated:
Truth and accuracy of national advertising.

Geographical Area Served:
National program.

Third-Party Dispute Resolution Process:
When NAD receives a consumer complaint, it contacts the advertiser and asks for a substantiation of claims or statements in question. If NAD finds the advertising to be false or misleading, it asks the advertiser to discontinue or change the ad. If negotiations with the advertiser are unsuccessful, NAD will refer the matter to the Chairman of the National Advertising Review Board (NARB) for action. Each month NAD releases a public report of cases resolved.

Cost to Consumers:
None.

Sponsors:
American Advertising Federation
American Association of Advertising Agencies
Association of National Advertisers
Council of Better Business Bureaus

AUTOMOBILES

Automotive Consumer Action Program (AUTOCAP)

Types of Complaints Investigated:
Problems involving new car dealerships.

Geographical Area Served:
Local and regional AUTOCAPs. To find out if there is an AUTOCAP in your area, check with the National Automobile Dealers Association (NADA), or state or local dealers association.

Third-Party Dispute Resolution Process:

When AUTOCAP receives a complaint from a consumer, the staff first tries to resolve the matter by contacting the dealership involved. If the dispute is not settled within ten days, it is referred to AUTOCAP for review. The Panel, which is made up of no fewer than 50% consumer representatives, recommends a solution. The Panel's decision is binding only on the dealer; the consumer is free to seek other remedies if not satisfied with the decision.

Cost to Consumers:
None.

Sponsor:
National Automobile Dealers Association
8400 Westpark Drive
McLean, Virginia 22102
(703) 821-7000

As of July 1, 1983, AutoCAP standards have been revised and panel decisions are no longer binding on dealers.

AAA Approved Auto Repair Program

Types of Complaints Investigated:
Mechanical repair disputes involving auto repair facilities approved by the American Automobile Association (AAA). (Program open to AAA members only.)

Geographical Area Served:
Local programs. To find out if there is a program in your area, check with the American Automobile Association or your local AAA office.

Third-Party Dispute Resolution Process:
Before entering the AAA Approved Auto Repair Program, auto repair facilities must be inspected and approved by AAA. The repair shop owners must agree to all conditions of the program, which include guaranteed workmanship (90 days/4,000 miles) and AAA's assistance with disputes. They must also agree to abide by AAA's recommendation for settlement of any dispute between the repair shop and an AAA member who is free to pursue other remedies if not satisfied with AAA's decision. While the program is only for AAA members, other consumers will know that the repair facility has met AAA standards by the Approved Auto Repair sign displayed on its premises.

Cost to Consumers:
None.

Sponsor:
American Automobile Association
8111 Gatehouse Road
Falls Church, Virginia 22047
(703) 222-6000

AUTOLINE

General Motors Corporation
(Chevrolet, Oldsmobile, Buick, Pontiac, Cadillac, GMC Truck)
Volkswagen of America
(Volkswagen, Porsche, Audi)
Nissan Motor Corporation in U.S.A.
(Datsun, Nissan)

Types of Complaints Investigated:

Any complaint involving automobile sales, service or alleged defects up to 5 years (GM); or 36,000 miles/36 months (VW and Nissan).

Geographical Area Served:

United States and Canada (GM); selected areas (VW, Nissan). Check with your local Better Business Bureau to determine what programs are in your area.

Third-Party Dispute Resolution Process:

If problems involving any of the cars or trucks listed above cannot be resolved at the dealer or zone level, consumers can ask the nearest Better Business Bureau to mediate their complaint. Should the complaint remain disputed, BBB AUTOLINE will offer arbitration (binding on all parties for some disputes, binding only on manufacturer for others). If the consumer agrees, an arbitrator, acceptable to both parties, is selected from a pool of trained community volunteers. A hearing is held at a convenient location where both parties or their representatives present their case in person. BBB supplies neutral experts when necessary; the car in question will be inspected and driven when necessary.

Cost to Consumers:

None.

Sponsors:

General Motors Corporation
Nissan Motor Corporation in U.S.A.
Volkswagen of America
Council of Better Business Bureaus
1515 Wilson Boulevard
Arlington, Virginia 22209
(703) 276-0100

Chrysler Customer Satisfaction Arbitration Board

P.O. Box 1718
Detroit, Michigan 48288
(313) 956-5970

Types of Complaints Investigated:

Service-related disputes involving Chrysler's Limited Warranty. Does not handle problems involving the actual sale of a new or used car.

Geographical Area Served:

National program, with Boards serving every state. Your local Chrysler dealer can provide you with the address of the Board serving your state.

Third-Party Dispute Resolution Process:

While Chrysler encourages customers to first contact the dealer and/or zone manager in an effort to resolve complaints, it is not a prerequisite to qualify for a review by the Arbitration Board. The Board, made up of two non-voting industry

representatives and three voting consumer and technical representatives, requests complaint documentation from both the dealer and the customer. From this information the Board makes a decision that is binding only on the dealer. The customer, if dissatisfied with the decision, is free to seek other remedies for resolution. A brochure describing the program is provided in the glove-box of all new cars and trucks commencing with the 1982 Model Year.

Cost to Consumers:

None.

Sponsor:

Chrysler Corporation

Ford Consumer Appeals Board

P.O. Box 1805
Dearborn, Michigan 48126
(313) 337-6950

Types of Complaints Investigated:

All service complaints concerning Ford Motor Company products except those involving a non-Ford dealership, a vehicle sales transaction, requests for reimbursement of consequential expenses, alleged personal injury or property damage, or complaints in litigation.

Geographical Area Served:

National program. Check with your local Ford or Lincoln-Mercury dealership for the address of the Board serving your area.

Third-Party Dispute Resolution Process:

If complaints are not resolved at the dealership or district office level, Ford owners can submit their disputes to the Ford Consumer Appeals Board. This five-member Board is composed of three consumer representatives and two dealers. The Board reviews written statements concerning the complaint and reaches a decision by a simple majority vote. The decision is binding on the dealer and Ford Motor Company, but not on the consumer, who can seek other remedies if dissatisfied with the decision.

Cost to Consumers:

None.

Sponsor:

Ford Motor Company

General Motors Third-Party Arbitration Program

See AUTOLINE

Nissan Third-Party Arbitration Program

See AUTOLINE

Volkswagen Third-Party Arbitration Program

See AUTOLINE

FUNERALS

Funeral Service Consumer Action Program (ThanaCAP)

135 West Wells Street
Milwaukee, Wisconsin 53203
(414) 276-2500

Types of Complaints Investigated:
Problems involving funeral homes.

Geographical Area Served:
National program.

Third-Party Dispute Resolution Process:
When ThanaCAP receives a complaint, a staff member tries to resolve the problem through informal mediation. If the complaint is not settled, and if both parties agree, the complaint is presented to the ThanaCAP Hearing Panel for binding (on both parties) arbitration.

Cost to Consumers:
None.

Sponsor:
National Funeral Directors Association

HOUSEHOLD

Furniture Industry Consumer Advisory Panel (FICAP)

Box 951
High Point, North Carolina 27261
(919) 889-1905

Types of Complaints Investigated:
Furniture problems involving manufacturing defects, quality, and service.

Geographical Area Served:
National program.

Third-Party Dispute Resolution Process:
When FICAP receives a consumer complaint, the staff tries to resolve the problem by first contacting the manufacturer or retailer directly. If the complaint is not settled, it is brought before FICAP. This Panel, which is made up of six members—three industry representatives and three consumer representatives—reviews the complaint and recommends a solution. Neither the consumer, the manufacturer, nor the retailer is bound by FICAP's decision.

Cost to Consumers:
None.

Sponsors:
Southern Furniture Manufacturers Association
Southwestern Furniture Manufacturers Association

Home Owners Warranty Program (HOW)

2000 L Street, N.W.
Washington, D.C. 20036
(202) 463-4600

The HOW Program is a warranty-insurance package offered by many HOW-approved new home builders.

The coverage includes: First two years—The builder warrants the home to be free from defects.

Third through tenth years—The home is directly insured against major structural defects by HOW's national insurance carrier.

Third-Party Dispute Resolution Process:
If unable to resolve a dispute with the builder, the homeowner contacts the HOW Council listed in the warranty. The Council arranges for a conciliation meeting. If the problem is not settled at this stage, the homeowner can request arbitration, which is administered by the American Arbitration Association. Only the builder is obligated to comply with the arbitrator's ruling; the homeowner is free to seek other remedies.

Cost to Consumers:
None.

Sponsor:
A mutual company endorsed by the National Association of Home Builders.

Major Appliance Consumer Action Panel (MACAP)

20 North Wacker Drive
Chicago, Illinois 60606
(312) 984-5858
(800) 621-0477 (Pre-recorded message line)

Types of Complaints Investigated:
Major appliances—refrigerators, kitchen ranges, home laundry equipment, dehumidifiers, dishwashers, garbage disposals, room air conditioners, trash compactors, water heaters, gas incinerators, freezers, ovens, and microwave ovens.

Geographical Area Served:
National program.

Third-Party Dispute Resolution Process:

When MACAP receives a consumer complaint, the staff attempts to resolve the problem by first contacting the manufacturer involved. If a settlement is not reached, the complaint is brought before MACAP, which is made up of independent consumer experts. The Panel makes specific recommendations to the manufacturer for settlement. Neither the consumer nor the manufacturer is bound by MACAP's decision.

Cost to Consumers:
None.

Sponsors:

Association of Home Appliance Manufacturers
Gas Appliance Manufacturers Association
National Retail Merchants Association

MOVING

Household Goods Dispute Settlement Program

400 Army-Navy Drive
Arlington, Virginia 22202
(703) 521-1111

Types of Complaints Investigated:

Claims involving household goods shipped interstate that were either damaged or lost during a move.

Geographical Area Served:
National program.

Subscribers to Program:
Major van lines.

Third-Party Dispute Resolution Process:

If the carrier and consumer (the shipper) are unable to resolve a disputed claim involving lost or damaged household goods, and if both parties voluntarily agree to legally binding arbitration, the American Arbitration Association will conduct a "desk arbitration" based on the written documents submitted by both parties. An optional oral hearing of the evidence can also be arranged at an additional cost. Both parties must agree on the date, time, and location of the oral hearing. Individual moving companies are required to give consumers information about the program before the move.

Cost to Consumers:
None for standard procedures.

Sponsor:

American Movers Conference

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BBB National Consumer Arbitration Program

Types of Complaints Arbitrated:

Any disagreement between a business and its customer relating to marketplace transactions, excluding criminal violations.

Geographical Area Served:

Local and regional programs. Check with your local BBB to determine if your area has a program.

Third-Party Dispute Resolution Process:

Consumer arbitration is a procedure set up by the Better Business Bureaus to settle consumer/business disputes that have failed resolution by mediation. The BBBs make this legally binding process available to a business and its customer when both voluntarily agree to arbitrate the dispute. They both are asked to sign a contract permitting an arbitrator, acceptable to both parties, to conduct a fact-finding hearing and make a final binding decision in the matter.

Cost to Consumers:
None.

Sponsor:

Local Better Business Bureaus
Council of Better Business Bureaus
1515 Wilson Boulevard
Arlington, Virginia 22209
(703) 276-0100

**SECTION II TRADE AND PROFESSIONAL ASSOCIATIONS
OFFERING FORMAL COMPLAINT-HANDLING PROCEDURES.**

AMERICAN COLLECTORS ASSOCIATION

4040 West 70th Street
P.O. Box 35106
Minneapolis, Minnesota 55435
(612) 926-6547

Handles complaints concerning its member firms, professional bill collectors.

AMERICAN HOTEL AND MOTEL ASSOCIATION

888 Seventh Avenue
New York, New York 10019
(212) 265-4506

Assists consumers in resolving complaints about hotels and motels.

AMERICAN SOCIETY OF TRAVEL AGENTS, INC.
4400 MacArthur Boulevard, N.W.
Washington, D.C. 20007
(202) 965-7520

Informally mediates complaints, claims, and disputes concerning travel related problems. Can provide limited information about travel firms worldwide.

BETTER HEARING INSTITUTE
1430 K Street, N.W.
Washington, D.C. 20005
(202) 638-7577
(800) 424-8576 toll-free outside of the District of Columbia.

Informally mediates complaints about hearing aids and other hearing-help problems.

BLUE CROSS AND BLUE SHIELD ASSOCIATION
1709 New York Avenue, N.W.
Washington, D.C. 20006
(202) 783-6222

Handles complaints about medical expenses not resolved by state and local BC/BS plans.

DIRECT MARKETING ASSOCIATION
6 East 43rd Street
New York, New York 10017
(212) 689-4977

Sponsors the Mail Order Action Line, which informally mediates complaints about mail order firms.

DIRECT SELLING ASSOCIATION
1730 M Street, N.W.
Suite 610
Washington, D.C. 20036
(202) 293-5760

Assists consumers in resolving complaints about door-to-door sales and party plans. Also enforces Direct Selling Association's Code of Ethics. The Code is described in the publication *We Deliver Extra Protection* and is free to consumers.

ELECTRONIC INDUSTRIES ASSOCIATION
2001 Eye Street, N.W., Second Floor
Washington, D.C. 20006
(202) 457-4900

Handles complaints about televisions, radios, stereo equipment, video systems, home computers, and other home entertainment electronic equipment.

NATIONAL ASSOCIATION OF PERSONNEL CONSULTANTS
1432 Duke Street
Alexandria, Virginia 22314
(703) 684-0180

Assists consumers in resolving complaints about member employment agencies and recruiting services. Also, through state associations, arranges for arbitration.

PHOTO MARKETING ASSOCIATION
3000 Picture Place
Jackson, Michigan 49201

Informally mediates complaints about retail camera stores and photo finishing companies. Complaints must be submitted in writing.

PUBLISHERS CLEARING HOUSE
382 Channel Drive
Port Washington, New York 11050
(516) 883-5432
(800) 645-9242 toll-free outside of New York State

Sponsors the Magazine Action Line (MAL), which informally mediates complaints about magazine subscriptions. If dispute involves a nonmember company, MAL will send the consumer a list of magazines from which to choose a substitute subscription.

NATIONAL HOME STUDY COUNCIL
1601 18th Street, N.W.
Washington, D.C. 20009

Investigates complaints against correspondence schools that it has granted accreditation. The Council will only accept written complaints.

SECTION III OTHER SOURCES OF HELP

STATE AND LOCAL CONSUMER PROTECTION OFFICES

Nearly all state and local consumer protection offices provide mediation and conciliation services and some offer arbitration. Often these services are free to consumers. Look in your local phone directory or in your CONSUMER'S RESOURCE HANDBOOK (see below) for offices serving your area.

COMMUNITY AND COURT SPONSORED PROGRAMS

Many community and court sponsored programs offer dispute resolution services. For more information, contact the American Bar Association's Special Committee on Alternative Dispute Resolution, 1800 M Street, N.W., Washington, D.C. 20036, phone (202) 331-2258.

FEDERAL CONSUMER PUBLICATIONS ON COMPLAINT HANDLING

Consumer's Resource Handbook (Item 579L, free)

A comprehensive guide on how to complain and get results; includes descriptive listings of Federal, state and local government agencies and private organizations that can help resolve consumer complaints.

Buying Lots from Developers (Item 170L \$2.50)

Explains what you should ask before signing a contract to buy undeveloped property; describes information the developer is required by law to give you; tells you what to do if you have a complaint.

Consumer Credit Handbook (Item 570L, free)

Explains how consumer credit laws can help you shop and apply for credit; tells you what creditors look for when reviewing credit applications, and what to do if you are denied credit.

Energy Consumer Guide (Item 592L, free)

Gives tips on saving energy, and how to avoid being taken on fraudulent energy-saving devices; tells you where to go in the government and private sectors to file an energy-related complaint.

Hearing Aids (Item 549L, free)

Gives information on how to tell if you have a hearing problem, and where to go for help; gives tips on shopping for a hearing aid; explains regulations sellers must follow; tells you what to do if you have a complaint.

Mail Order Rights (Item 584L, free)

Explains your legal rights when you order by mail or phone; tells you how to handle complaints.

ADDITIONAL CONSUMER PUBLICATION

Consumer Information Catalog

Lists more than 200 free and moderately priced Federal publications on nutrition, health, housing, and a variety of other subjects. The Catalog is published quarterly by the Consumer Information Center of the U.S. General Services Administration.

Single copies of the above publications may be obtained by writing to Consumer Information Center, Pueblo, Colorado 81009. When ordering, please mention the item number for the publication.

END