

22 March 2024

To: House Standing Committee on Climate Change, Energy, Environment and Water

Submitted via: [https://www.aph.gov.au/Parliamentary\\_Business/Committees/OnlineSubmission](https://www.aph.gov.au/Parliamentary_Business/Committees/OnlineSubmission)

## **The need for an accessible, fair and affordable complaints process to support consumers in the transition to electric vehicles**

To the Committee on the Inquiry into the transition to electric vehicles,

For the electric vehicle market to work well for all Australians, there need to be easy ways to have problems with faulty cars fixed and clear penalties for companies that fail to repeatedly offer repairs, refunds or replacements as required under Australian Consumer Law (ACL). Our research shows that complaints handling is not working effectively for people with faulty Internal Combustion Engine (ICE) vehicles and there is a high risk that existing processes will also poorly serve people with EVs.

Consumer Policy Research Centre is a not-for-profit think tank that develops and champions ideas to make markets fairer for all Australian consumers. We are Australia's only dedicated consumer policy think tank.

Consumer Action is an independent, not-for-profit consumer organisation based in Melbourne, with deep expertise in consumer and consumer credit laws, policy and direct knowledge of people's experience of modern markets. We work for a just marketplace, where people have power and business plays fair.

In 2023, our organisations partnered to conduct research into the pervasive impacts on peoples' lives when they are sold a faulty vehicle (see Attachment 1). While the research primarily focused on the complaints process in Victoria, there are findings about challenges consumers face when seeking to enforce their rights under the Australian Consumer Law that are relevant to all jurisdictions.

The research found that Australia's consumer protection framework is not working as it should, especially for large purchases like cars. If the barriers to consumers' exercising their rights and accessing fair solutions when raising complaints remain unaddressed, there is a high risk the same (and potentially escalated) impediments will be experienced by purchasers of electric vehicles.

### **Making a complaint about a faulty vehicle is difficult and costly for consumers**

Our research found that:

- The current complaints process is extremely onerous and complex. **A used car complaint in Victoria can involve more than 60 steps for a consumer.**
- Many car dealers and manufacturers fail to help people with a fault with their car even when they legally should. There is low compliance with the consumer guarantee obligations under the Australian Consumer Law (the rights consumers have to a repair, refund or replacement when a product is faulty).
- The process of making a complaint can take a very long time and involve many direct and indirect costs for consumers. Fifty nine per cent of people with a faulty car in Victoria spent more than \$1,000 trying to resolve the problem, and 24 per cent spent more than \$10,000.
- Barriers to getting a fair solution to a complaint and associated harms are compounded for First Nations people, people living in regional areas, and other disadvantaged and marginalised population groups.

Ultimately, our research highlights that the consumer protection framework in Australia is not working as it should, especially for large purchases like cars.

### **Complex complaints processes will cause further harm in the electric vehicle market if unaddressed**

CPRC's 2022 research on consumer views on EVs revealed that 85 per cent of Australians identified one or more barriers to transitioning to EVs which included cost, infrastructure, performance and reliability.<sup>1</sup> The complex nature of the EV supply chain, with many features enabled through software subscription services, raises concerns about the potential exacerbation of the existing difficulties consumers experience when making a complaint about a faulty vehicle.

### **Reform needed at a federal level: penalties for breaches of the consumer guarantees**

Our research found a clear need for the Australian Government to strengthen consumer guarantees so that fewer faulty cars are sold to consumers.

The Australian Government should introduce penalties for persistent breaches of the consumer guarantees. We recommend the Australian Government, in partnership with state and territory governments, amend the ACL so that companies face penalties for failure to comply with the consumer guarantees. This will enable the Australian Competition and Consumer Commission and state and territory consumer affairs regulators to take meaningful action against dealers that repeatedly fail to comply with consumer guarantees, and provide incentive for dealerships to sell better quality cars.

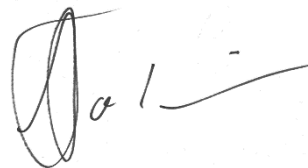
Details of our research and key recommendations are outlined in the attached report – *Detours and Roadblocks: The consumer experience of faulty cars in Victoria*. Key findings and the full report are also available at: <https://cprc.org.au/detours-and-roadblocks/>.

We would warmly welcome the opportunity to discuss our research or any of the issues raised in this submission. Please contact [erin.turner@cprc.org.au](mailto:erin.turner@cprc.org.au) to arrange a meeting or to discuss anything further.

Kind regards



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<sup>1</sup> CPRC, *The Barriers and Potential Enablers of Electric Vehicle Uptake in Australia*, November 2022, <https://cprc.org.au/report/the-barriers-and-potential-enablers-of-electric-vehicle-uptake-in-australia/>