



BBB Offers 2015 Advertising Review and Consumer Complaint Statistics, Invites Dealers to Utilize Auto Industry Program Services in 2016

Better Business Bureau of Minnesota and North Dakota (BBB) appreciates the opportunity to work with Minnesota auto dealers through its Auto Industry Program. Dealers once again demonstrated their commitment to ethical advertising and responsiveness to consumer concerns in 2015. To help dealers continue to build consumer trust, we offer this overview of issues addressed most often by BBB this past year, and encourage dealers to utilize BBB Auto Industry Program services in 2016.

Auto Dealer Advertising Review

BBB made a total of **128** advertising-related contacts to **92** different auto dealers in 2015. In **70** of these cases, we utilized volunteer secret shoppers to test advertising claims and sales practices, providing feedback on any modifications needed.

We also conducted **Prior-to-Publication Advertising Review** of **307** different pieces of proposed advertising sent by dealers. The total number of ads submitted was down slightly from 2014, but **32** different dealers made use of the service in 2015, roughly twice the number of unique users in 2014. More on PTP services below.

Advertising issues addressed most often in 2015 included:

Rebate disclaimers, eligibility for advertised price: BBB urges dealers to itemize any and all conditional rebates factored into a price, disclosing rebate eligibility requirements clearly and conspicuously. Consumers should be able to gauge their eligibility for a price easily, and anticipate 'their' price if not eligible for a given rebate. Generalized language such as "may include any of the following" does not meet this standard.

Misuse of '\$o Down': BBB issued an AdAlert on this topic in July, focusing our efforts on ads claiming "\$o Down" where first month's payment or an acquisition fee were still due at signing. FTC Regulation M states "reference to a charge that is part of the total amount due at consummation" (e.g., down payment) "cannot be more prominent than the total amount due at consummation."

FTC Regulation M / Regulation Z: "Triggered" disclosures should be clear and conspicuous, complete, and made consistently. BBB urges dealers to be especially attentive when presenting both lease and purchase disclosures within the same ad -- particularly on radio or television, where time constraints are an issue.

BBB offers a free **Prior-to-Publication Advertising Review** service to help dealers ensure compliance with FTC rules, the Minnesota Automotive Advertising Standards, and BBB Code of Advertising. Our feedback does not constitute legal approval, but can identify potential issues, help improve clarity, and reduce the likelihood of consumer complaints. BBB also offers the brochure '**Consumer Tips for Buying a Used Car**' on bbb.org, which dealers are welcome to share with used car shoppers and staff. For more information about these and other BBB services, please contact:

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Auto Dealer Consumer Complaints

Consumers filed **270** reportable complaints against Minnesota new car dealers through BBB in 2015, with **142** different dealers receiving one or more complaints.

This represents a **5.4% increase** in complaint volume from 2014, though it should be noted new car dealers continue to maintain one of the highest complaint resolution rates among industries served by BBB – **99.66%** in 2015.

The most frequent consumer complaints included:

Used vehicle issues: About 40% of complaints against new car dealers in 2015 related to used car purchases, many citing problems experienced after verbal assurances a vehicle had been "checked over," or had "no problems." BBB encourages dealers to help create realistic expectations for used car buyers, particularly when selling "as is." Emphasize the importance of test driving and inspection, and that vehicle history reports are not meant to guarantee a car will always be problem-free.

Service and repair issues: Most repair complaints sought refunds or other consideration when vehicle issues were not resolved to a consumer's satisfaction. BBB encourages dealers to make sure consumers understand exactly what work has been performed, any guarantees or shop policies that may apply, and appropriate next steps if vehicle issues persist.

Sales and contract discrepancies: Most complaints in this category involved alleged discrepancies between the sales presentation and written contract, often on trade allowance. Others related to verbal commitments not documented in a "we owe" agreement. BBB encourages dealers to review contracts proactively with customers to prevent misunderstandings.

Better Business Bureau of Minnesota and North Dakota

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