United States Federal Trade Commission

National Center for Dispute Settlement

(Automobile Warranty Arbitration Program)

2013 Audit

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Prepared by:
Claverhouse Associates
937 Roxburgh Avenue
East Lansing, MI 48823

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Introduction

This 2013 audit of NCDS' arbitration process is performed pursuant to the 1975 federal warranty law, the Magnuson-Moss Warranty Federal Trade Commission Improvement Act and Rule on Informal Dispute Settlement Procedures, 16 C.F.R. Part 703 (hereafter referred to as Rule 703).

Claverhouse Associates, a firm specializing in arbitration, mediation, and program auditing, performed the audit which was conducted under the supervision of Kent S. Wilcox, President and Senior Auditor. The statistical survey was conducted by the Center for Survey Research, a division of the Institute for Public Policy and Social Research at Michigan State University.

Arrangements to conduct the audit were initiated by an invoice submitted in late 2013. Claverhouse Associates coordinated field audits, statistical survey planning, and arbitration training with the program's independent administrator, the National Center for Dispute Settlement (NCDS). This year's report performed a review of the National Center for Dispute Settlement, an independent administrator for multiple automobile manufacturers. The manufacturers participating in the NCDS automobile warranty arbitration program included in this national audit are: Acura, Chrysler,[1] Honda, Lexus, Mitsubishi, Suzuki, Tesla, and Toyota. The audit primarily assesses the dispute resolution Mechanism itself, but there are a few exceptions, wherein our review is manufacturer-specific, such as the requirement for manufacturers to inform consumers of the availability of the dispute resolution program whenever a warranty dispute arises.

Hearings that were held in Indiana, Texas, and Florida were included in the on-site field inspections. Visits to these locations were arranged to coordinate with scheduled arbitration hearings. In addition, we audited an arbitrator training conducted in Dallas, Texas, on March 21 -23 of 2014. Audits of the arbitration hearings and arbitrator training are sometimes conducted in the current calendar year rather than in the audit year but are assumed to reflect operations as they existed in the audit year (2013). Performing the field audits during the actual audit year would require initiating an audit much earlier and using a two-phased format: one commencing during the actual audit period and the other in the following year, after all annual statistics had been compiled. All case files inspected were generated during 2013 as required.

1. Chrysler offers arbitration in four states: Arkansas, Idaho, Kentucky, and Minnesota, and they are gradually expanding into other states. For purposes of the 2013 audit however, we are addressing only the four states mentioned.

SECTION I

Compliance Summary

This is the eleventh Claverhouse Associates independent annual audit of the National Center for Dispute Settlement's (NCDS) national third-party informal dispute resolution mechanism, the Automobile Warranty Arbitration Program (AWAP). We have conducted several prior audits of the NCDS administered warranty arbitration program, some of which were manufacturer centered and manufacturer-specific. This review and several prior reviews, is more general in that the program itself is evaluated for compliance with the various applicable regulations, both federal and state. While some sections are devoted to specific participating manufacturers, our overall conclusions are applicable to the entire NCDS program.

Overall NCDS Dispute Settlement Program Evaluation

The NCDS third-party dispute mechanism, Automobile Warranty Arbitration Program (AWAP) is, in our view, in substantial compliance with the requirements of the Magnuson-Moss Warranty Federal Trade Commission Improvement Act and Rule on Informal Dispute Settlement Procedures, 16 C.F.R. Part 703.

The three regions audited: Indiana, Texas, and Florida, all functioned during 2013 in compliance with FTC Rule 703. Details of the field audits and any minor irregularities found are discussed in Section III of this report.

Our random sample survey confirmed the overall validity of the statistical indexes created by the National Center for Dispute Settlement.[2] Our original survey sample consisted of 1,084 closed cases[3], of which we completed surveys for 318 customers. As we have found in other audits, surveyed customers tended to report favorably on the program when the results of their cases were, in their view, positive. Conversely, those who received no award, or received less than they expected, were more likely to report dissatisfaction with the AWAP. As has been true in most audits we have conducted for various programs, the few statistically significant differences between the figures reported by the AWAP and the survey findings were deemed to be easily understandable and do not suggest unreliable reporting by the program. For a detailed discussion, see the Survey Section of this report.

Arbitrators, AWAP personnel, and regulators we interviewed at both the state and federal jurisdictions viewed training for arbitrators as an important component of the program. The training provided for the AWAP arbitrators advances many of the AWAP objectives. Providing such training is, in our view, consistent with the broad regulatory requirement for fairness. The training component, in our view, comports with the substantial compliance requirements for a fair and expeditious process pursuant to the federal requirements.

2. There are discrepancies in some areas but those identified are either of no significant consequence or are understandable and without significant regulatory implications. Discrepancies are detailed in the Survey Section of the report.

3. The sample was drawn from a universe of 1,719 cases but only the 1,084 closed arbitrated or mediated cases were used to establish the operating universe from which the sample was drawn. For details see Survey Section.

SECTION II

Detailed Findings

This section addresses the requirements set forth in 16 C.F.R. Para 703.7, of Public Law 93-637 (Magnuson-Moss Warranty Act, 15 U.S. C. 2301. et seq.).

After each regulatory requirement is set forth, the audit's findings are recorded, discrepancies are noted, and recommendations are made where appropriate.

This audit covers the full calendar year 2013. An important component of the audit is the survey of a randomly selected sample of 1,084 NCDS' Dispute Settlement Program applicants whose cases were closed in 2013 and found to be within the AWAP's jurisdiction.

We analyzed several NCDS generated statistical reports covering the AWAP operations in the United States. The reports were provided to us by the Detroit (Sterling Heights) office of the National Center for Dispute Settlement.

We performed field audits of the AWAP as it operates in Indiana, Texas and Florida. We also examined a random sample of current (i.e., 2013) case files for accuracy and completeness. A random sample of case files was drawn from all case files for the years 2010-2013 and inspected to ensure that these records are maintained for the required four-year period. In the areas covered by each region, we surveyed several dealerships to see how effectively they carry out the information dissemination strategy developed by manufacturers to assist them in making customers aware of the AWAP.

In addition, we monitored arbitration hearings in Irving, Texas; Elkhart, Indiana; and Tampa, Florida. We also interviewed participants including arbitrators and AWAP/NCDS administrative personnel.

To assess arbitrator training, we monitored the NCDS-sponsored training session held in Dallas, Texas, on March 21 -23 of 2014. In addition to monitoring the training itself, we interviewed the trainees (both before and after the training), the training staff, and reviewed the training materials.

REQUIREMENT: § 703.7 (a) [Audits]

> **(a) The mechanism shall have an audit conducted at least annually to determine whether the mechanism and its implementation are in compliance with this part. All records of the mechanism required to be kept under 703.6 shall be available for audit.**

FINDINGS:

> This is the eleventh (2013) Claverhouse Associates annual audit of NCDS AWAP informal dispute settlement program. Records pertaining to the NCDS' AWAP that are required to be maintained by 703. 6 (Recordkeeping) are being kept and were made available for our review.

REQUIREMENT: § 703.6 (a) [Recordkeeping]

(a) The mechanism shall maintain records on each dispute referred to it which shall include:
(1) Name, address, telephone number of the consumer;
(2) Name, address, telephone number and contact person of the warrantor;
(3) Brand name and model number of the product involved;
(4) The date of receipt of the dispute and the date of disclosure to the consumer of the decision.

FINDINGS:

The information referenced in subsections 1 through 4 is available from the staff of the National Center for Dispute Settlement, who provided us with access to all pertinent information, which is maintained as required. Our inspection of randomly selected case files for each of the three regions validated these findings. The inspections of case files typically take place at the Detroit (Sterling Heights) office of the program's independent administrators. Our review of randomly selected cases drawn from the four-year period (2010-2013) demonstrated that the case files were maintained in 2013, as required.

The pertinent data/records are maintained in the individual case file folders housed at the NCDS' arbitration program's offices in suburban Detroit, Michigan. Most of the required information can be found in these files or in the computer system.

The program provided us with access to all pertinent information, which is maintained as required. The individual case file inspection of randomly selected 2013 cases validated these findings. The review of randomly chosen cases drawn from the four-year period 2010-2013 was done this year as in most previous years. Last year's audit reviewed electronic files due to the program's move to a new location at the time of our review. Our review of randomly selected cases drawn from the four-year period (2010-2013) demonstrated that the case files were maintained in 2013, as required.

DISCREPANCIES:

The few administrative irregularities found, while appropriately noted, are relatively inconsequential and do not pose any serious undermining of the program's *substantial compliance* status. The AWAP meets this regulatory requirement and any inconsistencies we found were of the minor and inconsequential variety likely to be found in any large administrative program. The minor inconsistencies are highlighted in the appropriate sections of the report. For example, a particular case file may not contain a hard copy of the arbitrator's decision even though the decision was in fact sent out and can be found in the electronic file. We found some arbitrator decision statements which were poorly worded or lacking in sufficient specificity. Nevertheless, the files were complete and maintained as required.

REQUIREMENT: § 703.6 (a) (5)

(5) All letters or other written documents submitted by either party;
(6) All other evidence collected by the mechanism relating to the dispute including summaries of relevant and material portions of telephone calls and meetings between the mechanism and any other person (including consultants described in 703.4 (b);
(7) A summary of any relevant and material information presented by either party at an oral presentation;
(8) The decision of the members including information as to date, time and place of meeting, and the identity of members voting; or information on any other resolution.

FINDINGS:

Some case files contained, in addition to the various standard file entries, other communications submitted by the parties. Nothing in our findings suggests that any material submitted by a party was not included in the file, and every indication is that the files were complete. We made no attempt, however, to validate the existence of "summaries of relevant and material telephone calls" and other such information since we had no way of knowing whether such telephone calls took place. This is also true for documents such as follow-up letters. A review of this type may be theoretically possible, but it is not practical without having some objective measure against which to compare the contents of the file. Even in the theoretical sense, such a review assumes customers keep exact files of all correspondence, notes, and phone calls pertaining to their AWAP-cases. To validate this dimension, the audit would entail retrieving all such files as a first step. The obvious impracticality of that places such a review beyond the scope of the audit.

Information required in subsection 8 can be found on the *Arbitration Data Entry* form used by NCDS. This form also contains the essence of the decision along with most other information pertinent to the case.

DISCREPANCIES:

None

The required records were all available, appropriately maintained, and properly kept. Any exceptions were merely incidental and have no significant bearing on the program's compliance with the regulations.

REQUIREMENT: § 703.6 (a) (9-12)

(9) A copy of the disclosure to the parties of the decision;
(10) A statement of the warrantor's intended action(s);
(11) Copies of follow-up letters (or summaries of relevant and material portions of follow - up telephone calls) to the consumer, and responses thereto; and

(12) Any other documents and communications (or summaries of relevant and material portions of oral communications) relating to the dispute.

FINDINGS:

The information set forth in items 9 and 10 is maintained as required.[4] As such, the information was readily accessible for audit.

The information set forth in items 11 and 12 was not audited for accuracy and completeness because of the impracticality of such a review. The examination of the case file contents revealed few instances of this type of information included in the file, and yet nothing indicated that information was missing.

DISCREPANCIES:

None

REQUIREMENT: § 703.6 (b)

(b) The mechanism shall maintain an index of each warrantor's disputes grouped under brand name and subgrouped under product model.

FINDINGS:

These indices are currently [2013] maintained by the NCDS staff at the NCDS headquarters in Detroit (Sterling Heights), Michigan.

The audit includes a review and assessment of a data printout for the calendar year 2013.

The *AWAP Statistics* identifies 1, 719 AWAP disputes filed for 2013. Of these, 1,215 cases were eligible for AWAP review, and 504 cases were determined by the AWAP to be out-of-jurisdiction. Of the in-jurisdiction closed cases, NCDS reports that 932 were arbitrated[5] and 142 were mediated.[6] There were 834 arbitrated decisions which were reported as "adverse to the consumer" per § 703.6 (E) representing 89.4% of all arbitrated cases.

Each of the participating manufacturers submitted an index of their disputes grouped under brand name and subgrouped under product model as required.

4. The warrantor's intended actions are a basic part of the program and are generally applicable to all cases. All decisions rendered by arbitrator(s) will be honored by all NCDS' AWAP participating manufacturers, thereby negating any necessity for providing a document in each individual file.

5. This number is not aggregated in the statistical reports provided for the audit. We arrived at this number by summing the "decided" items (4-7) listed on the AWAP mandated statistical report. [Note: the number we report here does not include those cases listed as "Pending Decision"].

6. The term "mediation" in the AWAP context does not necessarily imply that a neutral third-party assisted the parties in resolving a warranty dispute, but rather that the dispute was settled prior to an arbitrator rendering a decision. The number provided above is not aggregated in the statistical reports provided for the audit. We arrived at this number by summing the "Resolved" items (1-3) listed on the AWAP mandated statistical report.

Indices are complete and consistent with all requirements. Some of the data included in these reports are compared with the findings of our sample survey discussed in the Survey Section of this report.

DISCREPANCIES:

None

REQUIREMENT: § 703.6 (c)

(c) The mechanism shall maintain an index for each warrantor as will show: (1) All disputes in which the warrantor has promised some performance (either by settlement or in response to a mechanism decision) and has failed to comply; and (2) All disputes in which the warrantor has refused to abide by a mechanism decision.

FINDINGS:

AWAP reports that there were no such cases in 2013. Concerning subsection 2, the auditors are advised by NCDS that there is no reported incidence in which a NCDS AWAP participating manufacturer failed or refused to abide by a panel or arbitrator decision. As a matter of general corporate policy, all AWAP participating manufacturers agree to comply with all AWAP decisions. This information is supplied as part of NCDS' Annual FTC -703.6 (c) (1) and (2) Report.

DISCREPANCIES:

None

REQUIREMENT: § 703.6 (d)

(d) The Mechanism shall maintain an index as will show all disputes delayed beyond 40 days

FINDINGS:

According to AWAP statistical index reports, as of December 2013, two cases were delayed beyond 40 days. The National Center for Dispute Settlement typically provides a comprehensive report of all individual cases delayed beyond 40 days during the period of the audit. Such reports include the customer's name, case file number, and the number of days the case has been in process as of the date of the generation of the report. Our analysis indicates that these reports have always met the above requirement. Our review of reports, however, is not designed to test the accuracy of a report. We merely determine that the mandated report is being generated. At the same time, we found nothing during our assessment review that calls into question the accuracy of any of the required statistical indexes. [Note: The statistical report does include 78 cases categorized as "PENDING DECISION." We do not review the "Pending Decision" cases to determine how many days they remained open and unresolved.

REQUIREMENT: § 703.6 (e)

(e) The mechanism shall compile semi-annually and maintain statistics which show the number and percent of disputes in each of the following categories:

(1) Resolved by staff of the Mechanism and warrantor has complied;
(2) Resolved by staff of the Mechanism and time for compliance has occurred, and warrantor has not complied;
(3) Resolved by staff of the Mechanism and time for compliance has not yet occurred;
(4) Decided by members and warrantor has complied;
(5) Decided by members, time for compliance has occurred, and warrantor has not complied;
(6) Decided by members and time for compliance has not yet occurred;
(7) Decided by members adverse to the consumer;
(8) No jurisdiction;
(9) Decision delayed beyond 40 days under 703.5 (e) (1);
(10) Decision delayed beyond 40 days under 703.5 (2);
(11) Decision delayed beyond 40 days for any other reason; and
(12) Pending decision.

FINDINGS:

NCDS collects and maintains the information required by § 703.6 (e) in the AWAP Statistics Report supplied to us by NCDS.

The information is available for inspection and is complete in all respects.

The figures reported in this index are analyzed in further detail in the Survey Section of this report.

DISCREPANCIES:

None

REQUIREMENT: § 703.6 (f)

THE MECHANISM SHALL RETAIN ALL RECORDS SPECIFIED IN PARAGRAPHS (a) - (e) of this section for at least 4 years after final disposition of the dispute.

FINDINGS:

(a) All of the information listed in the 12 subsections detailed in the previous section [§ 703.6 (e)] is maintained for the required four years. Any inconsistencies found would be addressed in the Survey Section of this report.

We inspected the collection of all case files for each region provided to us by the NCDS headquarters in Sterling Heights (Detroit), Michigan, and inspected and evaluated a random selection of case files from the four-year period for completeness. The files were appropriately maintained and readily available for audit.

(b) NCDS provided us with the various 2013 indices and statistical reports required by Rule 703. The corresponding reports for the previous four years are, of course, not available from any NCDS participating manufacturers which were not participating in the program for the entire four applicable years.

(c) [The two potential "non-compliance" categories] The information required by subsection (1) is, when applicable, maintained by NCDS. Subsection (2) is not applicable since all participating manufacturers, as a matter of corporate policy, always comply with AWAP decisions.

(d) [Complaints beyond 40 days] This information is stored in their computer system at the NCDS Detroit (Sterling Heights) office. Any required report can be obtained from Debbie Lech, Manager, Case Administration, at the NCDS headquarters. The information is maintained as required.

(e) [Includes 12 categories of statistics] The information referenced in this section, as well as any data pertaining to this requirement, is available from NCDS. The 12 categories of statistics to be maintained are being kept as required.

DISCREPANCIES:

None

REQUIREMENT: § 703.7 (b)

Each audit provided for in paragraph (a) of this section shall include at minimum the following (1) evaluation of warrantor's efforts to make consumers aware of the Mechanism's existence as required in 703.2 (d);

(d) The warrantor shall take steps reasonably calculated to make consumers aware of the Mechanism's existence at the time consumers experience warranty disputes.

FINDINGS:

The essential feature of both regulatory requirements cited above is timing. In our review, therefore, we give emphasis to efforts that would inform customers and ensure that they know about the existence of the AWAP at all times, as well as examining the manufacturers' strategies to alert customers to the availability of the

AWAP when the customer's disagreement rises to the level that the regulations consider a "dispute."

Regardless of the excellence of a program, it is only effective if the customer knows of its existence and can access it. The "notice" requirement seeks to ensure that the program is actually usable by customers by informing them of its existence and making it readily accessible when they need it.

Individual Participating Manufacturer's Efforts and Assessment

[*Note: In this section of the audit report, we review each of the participating manufacturers' programs for meeting this requirement. Readers will note that regulatory language is repeated along with some pertinent comments in each division for the various manufacturers so as not to focus strictly on a given manufacturer as well as to make the reading easier. Again, we repeat the applicable regulatory language to avoid cross-referencing and searching for such language in another section of the report. The eight current manufacturers are: Acura, Chrysler, Honda, Lexus, Mitsubishi, Suzuki, Tesla. and Toyota.*]

For the 2013 report, we interviewed NCDS staff and inquired as to any changes from previous year in each manufacturers' efforts to ensure their customers were being made aware of the availability of the NCDS arbitration program for resolving any of their customers' warranty disputes. Where we have new information supplied, we review and assess that information.

ACURA:

Acura uses the following means by which to meet this important requirement:

- The Acura responsibility to make customers aware of the dispute resolution Mechanism is well met in one sense by providing information that is easily located in the Owner's Manual in the Introduction to the Table of Contents where it is prominently located as the very first entry of the Table of Contents. On the following page of the Owner's Manual appears three steps for customers with warranty repair concerns. Step 3 includes contact information for filing a claim with The National Center for Dispute Settlement including their toll free telephone number. On the next page of the Owner's Manual, customers will find a more detailed explanation of the regulated NCDS dispute resolution program. We rate this aspect as excellent in complying with the federal requirement.

  In addition to this aspect of our review, we visited dealer service departments to ascertain whether service department employees provide helpful and reasonably accurate information about the NCDS dispute resolution program and how a customer can contact NCDS. The dealer reviews are random and may not be included each year, if other manufactures were selected in our selected sample.

CHRYSLER:

Chrysler uses several means by which to meet this important requirement. They are as follows: **[Note: This information only applies in the four states wherein the program is offered (Arkansas, Idaho, Kentucky, and Minnesota)].**

Note: The Chrysler program is currently in the process of expansion into other states. That subject will not be addressed in this report because the audit, for most purposes, only addresses the calendar year 2013.

- The *2006 Warranty Information* booklet,[7] supplied with each new vehicle references the "Customer Arbitration Process" (CAP) now administered by the National Center for Dispute Settlement (NCDS). The *booklet* provides a toll-free phone number for contacting an organization called the Chrysler customer assistance center to obtain an application for arbitration as administered by NCDS. It also includes a mailing address for contacting NCDS.

- The booklet *Owner's Rights Under State Lemon Laws, Supplement to Owner's & Warranty Manual* is provided with each new vehicle. This booklet does not give the CAP address, but at page four it refers customers with unresolved disputes to the CAP brochure that accompanies the *Owner's Manual* and *Warranty Manual,* which are shipped as part of the Glove Box Kit in the applicable states. It also refers customers to the Chrysler toll-free customer relations (Customer Center) number where the customer can request the address of the CAP.

We did not visit a Chrysler Dealership for the 2013 report.

DISCREPANCIES:

None, with the qualifier given immediately above as a caveat.

HONDA:

Honda uses the following means by which to meet this important requirement:

- The Honda responsibility to make customers aware of the dispute resolution Mechanism is well met in one sense by providing information that is easily located in the Owner's Manual in the Introduction to the Table of Contents where it is prominently located as the very first entry of the Table of Contents. On the following page of the Owner's Manual appears three steps for customers with warranty repair concerns. Step 3 includes contact information for filing a claim with The National Center for Dispute Settlement including their toll free telephone number. On the next page of

7. NCDS headquarters informs us that the manufacturer-specific review of this individual program for ensuring that consumers are made aware of the arbitration program's existence "at the time consumers experience warranty disputes" has not changed from our 2012 report.

the Owner's Manual, customers will find a more detailed explanation of the regulated NCDS dispute resolution program. We rate this aspect of the Honda information program as excellent in complying with the federal requirement.

In addition to this aspect of our review, we visited dealer service departments to ascertain whether service department employees provide helpful and reasonably accurate information about the NCDS dispute resolution program and how a customer can contact NCDS. The dealer reviews are random and may not be included each year, if other manufactures were selected in our selected sample. Dealer 'secret shopper' interview results are located at the conclusion of this section of the report.

LEXUS:

- Lexus publishes a manual entitled *Lexus Warranty and Services Guide* which has been updated from the information reviewed in our most recent audit. In addition, Lexus distributes to its new car buyers a pamphlet [52 pages of text] entitled *Lemon Law Guide* with a page which cross references useful NCDS arbitration information including their toll-free telephone number.

  The manual includes four pages of accurate and useful information about the NCDS arbitration program including a mailing address and toll-free telephone number for contacting NCDS. The NCDS arbitration information begins on page eleven. Unfortunately, the information is organized as part of a multi-step process and is relegated to the position of "Step 3". Such a multi-step process is one obviously preferred by the manufacturer. A customer with a warranty dispute, however, is not required to go through steps one and steps two in order to access arbitration as regulated by the Magnuson-Moss Warranty Act and its accompanying Administrative Rule 703. By organizing the information in this manner, some readers may incorrectly interpret the information to mean they must follow these sequential steps. This seemingly minor matter could easily have consequences that are unintended and inconsistent with the regulations intent to provide "expeditious resolution of disputes. For example, if a customer's one week old "new" vehicle seems to be operating inconsistent with their auto engineering experience, and the dealer is perceived by the customer to be rude and unwilling to address their concern because they assert that the vehicle is operating normally, the customer may clearly want to proceed directly to arbitration. Such a decision by the customer is within their right to do so, notwithstanding any value judgements to the contrary. The manual's language suggests otherwise. Without a doubt, the three step process alluded to is usually the best way for customers to proceed but it is certainly not required. The problem herein alluded to is further exacerbated by initiating the entire section with the word "if" which may serve to reinforce the notion that a customer is obligated to go through steps one and two when such is not the case. It is important to point out this matter. It is equally important that we do not believe this matter, by itself, rises to the level of a regulatory non-conformity. It may, however, help to explain the seeming reluctance of

some service department employees to provide arbitration information during our dealer visits.

- In 2006, we were provided a copy of the NCDS tri-fold, *Rules & Procedures for the Informal Resolution of Automobile Warranty Disputes* pamphlet, but this document is distributed to Lexus customers after the customer has filed an application. We have again been told by NCDS that there have been no material changes to this item.

We note here that manufacturer's difficulties in complying with this requirement are related in some respects to uncertainty as to the regulation's intent about when the customer is to be informed. A better information dissemination strategy could be developed if regulators provided manufacturers with an operational definition of the phrase, **" ... at the time consumers experience warranty disputes."**

This limited information may have been provisionally acceptable in that period of adjustment that existed in the early days of Lexus' association with the NCDS program but, in our view, even then it fell short of what Rule 703 intends as regards informing customers of the availability of the arbitration program at the time a warranty dispute arises. There are, of course, many different strategies for accomplishing this mandated information dissemination program, but only having information about NCDS in a owner's manual or Lemon Law Guide in a glove box packet, is likely to find many customers with a warranty dispute unaware of the availability of arbitration. A fact demonstrated again and again over many years experience. That was clearly not the intent of the Federal Trade Commission when Rule 703 was promulgated as evidenced by the rule's lengthy discussion in the *Statement of Basis and Purpose*, published and promulgated as part of the rule (see Federal Register, 60215, Dec. 31, 1973). The FTC afforded great flexibility to manufacturers, at their request, as an alternative to far more draconian measures being proposed at the time, including the requirement that manufacturers engage in a national media campaign each year to announce the program's availability. The FTC opted instead to afford manufacturers the opportunity to use their own creative methods to achieve the objective and provided for an annual audit to ensure that manufacturers were carrying out effective strategies for ensuring that their customers were likely to be informed about the programs *at the time a warranty dispute arises* [FTC's emphasis.]

In 2014, we visited the following Lexus dealership.

Lexus of Mishawaka
4325 Grape Rd.
Mishawaka, Indiana 46545

The result of our only Lexus dealer visit this year is nearly as poor as what we found last year. This year we interviewed a service advisor who informed us that a customer had to have seven repairs for the same warranty problem to go to arbitration. The advisor did not appear to be aware that the company sponsors a third-party dispute resolution program [arbitration].

Last year, 2013 for the 2012 audit, we interviewed two advisors at once and both gave incorrect information about the customer's option to have

warranty disputes handled by arbitration through the National Center for Dispute Settlement (NCDS)

In 2012, we visited the following Lexus dealerships

Lexus of Charleston
2424 Savannah Hwy.
Charleston, South Carolina 29414

(Note: The Ohio Dealership audits were conducted as part of a State audit and yet the state review findings as regards this particular aspect, are also applicable to this federal audit.)

Lexus of Jacksonville
10259 Atlantic Blvd.
Jacksonville, Florida 32225

Metro Lexus
13600 Brookpark Road
Brookpark, Ohio 44135

The dealership visit results were also poor. In that year's review of Lexus dealers, service advisors typically failed to be forthcoming with any useful information about how arbitration is handled and how to contact NCDS. Responses such as this, are at odds with federal regulations.

At one Lexus dealership, the service advisor told us that arbitration is available but the customer has to file through Lexus. In every review, Lexus' service agents provided inaccurate information. In all, Lexus dealers were unable or unwilling to provide us useful information about warranty dispute options that involved arbitration generally or the NCDS program specifically.

Our findings on this regulatory requirement replicate last years finding, which bears repeating:

> "Overall, the Lexus findings were negative and suggest that Lexus review their training of service advisors as concerns warranty dispute mechanisms. Together with previous report findings, including the misrepresentation of one dealer, demonstrates the need for continuing oversight by regulators. While this finding is problematical, it does not, by itself, rise to the level of a risk to Lexus' compliance status but it does constitute a significant regulatory problem." (2012 report conducted in 2013)

DISCREPANCIES:

The Lexus program for making customers aware of the availability of this no cost option for dispute resolution poses a compliance concern regarding the federal Magnuson-Moss Warranty Act and the administrative law, Rule 703. If results such as these continue, Lexus' "in compliance" status remains at great risk.

MITSUBISHI:

Mitsubishi uses the following means by which to meet this important requirement:[8]

- Mitsubishi, has addressed many of the concerns we raised in some of our past audits. Below, in italics, are some of the comments from our prior audits.

Our 2003 [conducted] random audits of dealerships in the areas surrounding the field audit sites again found no consistent and significant commitment by most dealers to educate their employees to provide DRP information to customers making general inquiries about warranty-related dissatisfactions or disputes.

In addressing the concern outlined above, Mitsubishi initiated a program described in the communication below which was sent to various Mitsubishi executive employees:

> Good Morning Gentlemen, We are pleased to announce the rollout of our Dispute Resolution Process posters. Three 11x17 posters and a cover letter will be shipped to the attention of each Dealer Service Manager in today's weekly drop. I've attached a copy of the cover letter for your review. In addition, we will be shipping 75 posters to each of the Regions so that your AWAPMs have some on hand for dealer visits. There is also a small supply of posters at Standard Register that can be ordered (Form # DR00204).
>
> It's extremely important that each Service Manager displays the posters in areas that are clearly visible to customers who bring in their vehicles for warranty repairs. Please make sure that your DPSMs are checking for the posters when they conduct their dealer visits!
>
> You may be aware that the FTC conducts a yearly audit of our Dispute Resolution Process through NCDS. The audit will be commencing in the next few weeks - and part of the audit includes "mystery shop" visits to retailers. Unfortunately, last year, the majority of dealerships visited by the auditor could not accurately describe the Dispute Resolution Process. Per Joan Smith's email to you dated 1/14/04 please ensure DPSMs are training their dealer personnel on our Dispute Resolution Process.
>
> It is a requirement of the FTC, that if a manufacturer participates in an informal dispute resolution process, the customer must be made aware of how they can go about pursuing arbitration. In addition, to the Dispute Resolution Process booklets in each new owner's glove box - the

8 . NCDS headquarters informs us that the manufacturer-specific review of this individual program for ensuring that consumers are made aware of the arbitration program's existence "at the time consumers experience warranty disputes" has not changed from 2006.

posters should increase the awareness of the Dispute Resolution Process that is available at the time a customer is not satisfied with repairs completed under warranty.

In addition, Mitsubishi has replaced and updated the manual to address several prior concerns. The new Warranty and Maintenance Manual [2006] now specifically references the National Center for Dispute Settlement along with a toll-free telephone number to contact for assistance in obtaining resolution of their dispute.

We also said at the time,

> ***Claverhouse Associates has not reviewed the actual cover letter sent to each Dealer Service Manager. This e-mail copy, supplied to us by NCDS, strongly suggests that important steps are being taken to bring Mitsubishi into compliance with this aspect of Rule 703.***

We continue to view these innovations as clear evidence of intent to comply with the applicable rule, for which Mitsubishi should be given credit.

In multi-manufacturer Rule 703 Dispute Resolution Mechanisms, the fiscal restraints of audits do not necessarily allow for visiting all manufacturers' dealer's service departments each year. We did not visit a Mitsubishi dealer in 2014, but we include here our findings from the previous two years.

In 2013, we visited the following Mitsubishi dealership for the 2012 audit:

Albany Mitsubishi
1000 East Oglethorpe Ave.
Albany, Georgia 31701

I spoke to a service advisor who appeared to be the service manager. He focused his remarks to the "Lemon Law" and gave inaccurate information even on that. He appeared to have no knowledge of NCDS or the warranty dispute resolution process operated by them and sponsored by Mitsubishi. He provided no useful information on what the NCDS program entails or how to access the process.

In 2012, we visited the following Mitsubishi dealership for the 2011 audit:

Hoover Mitsubishi
2250 Savannah Hwy.
Charleston, South Carolina 29414

Our Mitsubishi dealership experience in 2012 (for 2011 audit) was again this year a disappointment consistent with our experiences in 2010 for the 2009 report. The dealership personnel we interviewed for this report were very pleasant but did not provide us with any useful information about the NCDS program or warranty dispute options for customers beyond working with the dealership. This result falls short of the federal regulation's intent.

We said in our last two reports that:

> ***Clearly, one of the principal reasons that the annual independent audit requirement was included in Rule 703 was to ensure that adequate consumer awareness was provided for by sponsoring manufacturers. That the original draft of Rule 703 was modified so as to require this audit was an outcome fostered by manufacturers who complained that the proposed alternatives were too onerous and in fact, "draconian." The Federal Trade Commission declined to mandate the national media campaigns and dealer incentives requirements, opting instead for voluntary efforts by the manufacturers, or their agent dealers, which would then be audited annually to ensure compliance with the stated objective of ensuring consumer awareness of the availability of the program. In any event, it is abundantly clear that no audit findings are complete without an evaluation of this aspect of the arbitration program since it is specifically set forth in the administrative Rule requirements in that section identified as the "Proceedings." This extensive Federal Trade Commission commentary was promulgated as a fundamental part of the Rule, as is the case with all promulgated FTC Rules.***

Because of the varied and heavy responsibilities of service managers, they were not always available during our "secret shopper" visits to dealerships. It is predictable that the customers of dealerships whose employees are completely unaware of the AWAP will be less likely to be informed of the availability of AWAP, a situation "at variance" with the regulation's intent.

Overall, efforts of the Mitsubishi's information program had no effect on this dealership.

What we said in regards to last year's report, holds true with respect to this year's findings. In this the Mitsubishi program is failing despite their best efforts.

DISCREPANCIES:

None, with the qualifier given immediately above as a caveat.

SUZUKI:

- Suzuki provided customers with a Vehicle Warranty Information booklet. This booklet contains information pertaining to customers ability to use the dispute settlement program administered by NCDS. On page 4, they provide a very brief description of NCDS along with a toll-free telephone number. As such, they have provided useful, complete and accurate information as envisioned by the federal regulations. It should be pointed out however that this is a passive strategy and is helpful only if the customer discovers the information. Importantly, the manufacturer should instruct dealerships that inquiring customers should,

at a minimum, be referred to this section of the booklet when expressing that they are experiencing a warrant dispute, or words to that effect.

We did not visit a Suzuki Dealership for the 2013 audit report.

DISCREPANCIES:

None, with the qualifier given immediately above as a caveat.

TESLA:

Tesla uses the following means by which to meet this important requirement:

- Tesla, a recent addition to the NCDS program, uses their Owner's Warranty Manual to provide information to their customers with a warranty dispute. The "Table of Contents" of the manual references, "Warranty Enforcement Laws and Dispute Resolution" as being on page six. In sum, the information provided by Tesla on pages six and seven is comprehensive, but confusing, and may be misleading to customers. To say for example, "NCDS will schedule a technical evaluation, if applicable", fails to reveal that such an evaluation is only "applicable" if the customer agrees to such an inspection. It may be confusing because it fails to reveal a material fact in light of a positive representation.

  This issue has been brought to Tesla's attention and we anticipate appropriate modifications in Tesla's information awareness program.

TOYOTA:

Toyota uses the following means by which to meet this important requirement:

- Toyota publishes a 32-page booklet, entitled *Owner's Warranty Information*, that briefly explains, among many other things, the NCDS process and how and where to file an application. The pamphlet is distributed in a variety of ways, but the principal method is by way of the dealer. Dealers are to provide the brochure as part of the initial information packet given to new customers as well as making them available in the dealership. Note: Our random audits of dealerships conducted for the national audit found no consistent and significant commitment by dealers to educate their employees about providing NCDS information to customers who make warranty-related inquiries or, assert warranty related disputes. [This section's findings are based on the status quo in our 2010 report insofar as nothing we reviewed this year suggests any material change as pertains to this requirement]

- Toyota publishes a 56-page booklet, entitled *Owner's Warranty Rights Notification* booklet, that contains state-specific, warranty-related regulatory information (lemon law provisions) and an application form for

accessing the NCDS. The booklet provides useful and accurate information. (DATED 1/09). Like the *Owner's Warranty Information* booklet, it is distributed, in the main, by dealership sales personnel at the point of sale/delivery as part of the glove box kit.

- There is a NCDS pamphlet (one-page tri-fold) published by Toyota that is reasonably informative about the NCDS and how to access it. The pamphlet cross-references the *Owner's Warranty Rights Notification* booklet as one of two sources for obtaining a *Customer Claim Form.*[9] Those interested in knowing about the program are referred to a toll-free telephone number where they can request a NCDS pamphlet. This one-page document is distributed primarily by the Toyota Customer Assistance Center.

  [This information is based on the findings of last year's audit as we are not in receipt of information from Toyota indicating any material change from last year's audit findings excepting the re-printing with additions of the *Warranty Rights Notification* booklet in 2009.]

  Despite the manufacturer's efforts, there remains a concern about NCDS information dissemination at the dealership level where most warranty disputes arise.

In 2014 [for 2013 report], we visited several Toyota dealerships.

Toyota of Denton
4100 South I-35 East
Denton, Texas 76210

Sun Toyota New Port Richey
3001 U.S. Highway 19
Holiday, Florida 34691

Byers Delaware Auto Toyota & Scion
1599 Columbus Pike
Delaware, Ohio 43015

Germain Toyota
5777 Scarborough Blvd.
Columbus, Ohio 43232

Tansky Sawmill Toyota
6300 Sawmill Road
Dublin, Ohio 43017

The result of our review of dealership personnel interviewed during the Toyota dealership visits was inconsistent but mostly poor, as regards providing useful

9. The Toyota *Dispute Settlement Program* pamphlet references the Toyota *Owner's Manual Supplement*, but it appears they mean the *Owner's Warranty Rights Notification* booklet. It's a mere administrative oversight, but customers could easily be confused. Fortunately the theoretical problem is mitigated by virtue of the second reference to a toll-free telephone number to Toyota's Customer Assistance Center where customers may obtain a *Customer Claim Form.*

information about the Toyota warranty dispute mechanism in response to our inquiries concerning customer options when the customer is experiencing warranty disputes. Most Toyota dealerships gave us inaccurate information in response to our inquiries about a customer's warranty dispute options generally and about the NCDS dispute settlement program. One of the two Toyota dealers in Ohio provided exceedingly useful and accurate information about arbitration and NCDS. At one Florida dealership we were given useful information concerning auto-lemon laws, but nothing about the manufacturer sponsored dispute resolution program administered by NCDS. One dealer representative incorrectly said the customer problem would need to have three unsuccessful repairs for exactly the same problem to be able to go to arbitration. Another employee in the service department incorrectly said "the vehicle in question had to be less than two years old" to qualify for arbitration. At another dealer, the service representative we interviewed, told us to look in the glove box and then look for a booklet with a lemon on it for information on arbitration. Of course, this doesn't meet the requirements of the Magnuson-Moss Warranty Act's Rule 703 requirement that manufacturer's make customers with a warranty dispute aware of their sponsored Mechanism and how to file a claim with the Mechanism.

In a prior audit we referenced one Michigan dealership's response to our inquiry which was excellent. The employee showed us an Owner's Manual and pointed out the section referencing the NCDS Dispute Settlement program [arbitration] and how a customer with a warranty dispute can initiate a review of their complaint. Other Toyota dealers should consider adopting the Michigan dealer's response to our inquiries.

We have said in prior reports that:

> *Clearly, one of the principal reasons that the annual independent audit requirement was included in Rule 703 was to ensure that adequate consumer awareness was provided for by sponsoring manufacturers. That the original draft of Rule 703 was modified so as to require this audit was an outcome fostered by manufacturers who complained that the proposed alternatives were too onerous and in fact, "draconian." The Federal Trade Commission declined to mandate the national media campaigns and dealer incentives requirements, opting instead for voluntary efforts by the manufacturers, or their agent dealers, which would then be audited annually to ensure compliance with the stated objective of ensuring consumer awareness of the availability of the program. In any event, it is abundantly clear that no audit findings are complete without an evaluation of this aspect of the arbitration program since it is specifically set forth in the administrative Rule requirements in that section identified as the "Proceedings." This extensive Federal Trade Commission commentary was promulgated as a fundamental part of the Rule, as is the case with all promulgated FTC Rules.*

Because of the varied and heavy responsibilities of service managers, they were not always available during our "secret shopper" visits to dealerships. It is predictable that the customers of dealerships whose employees are completely unaware of the

NCDS will be less likely to be informed of the availability of NCDS, a situation "at variance" with the regulation's intent.

There is a toll-free phone number to the Toyota Customer Assistance Center that may offer assistance to customers in terms of the "making customers aware" requirement. This office is designed to facilitate an open line of communication between the servicing dealer, Toyota, and the customer. The toll-free line facilitates the NCDS by providing NCDS information to those who specifically request information about arbitration. We contacted the number and were referred to the glove box packet and the specific manual which contains a NCDS application form. The primary objective of the Toyota Customer Assistance Center is to keep the customer and Toyota working together to resolve warranty-related problems. This facet of the program operates consistent with § 703.2(d) which allows:

> **703.2 (d)... Nothing contained in paragraphs (b), (c), or (d) of this section [notice requirements] shall limit the warrantor's option to encourage consumers to seek redress directly from the warrantor as long as the warrantor does not expressly require consumers to seek redress directly from the warrantor. The warrantor shall proceed fairly and expeditiously to attempt to resolve all disputes submitted directly to the warrantor.**

The information dissemination methods employed by Toyota together with the number of applications filed nationally in the last three audited years: 1,359 claims filed in 2011; 1,505 claims filed in 2012; and 1,719 claims filed in 2013. These 4,583 claims filed in the course of the last three years demonstrate that many Toyota customers were made aware of the program, and for these customers access is obvious.

On the other hand, our dealer inspections in several parts of the country showed a general lack of knowledge on the part of many dealer service department employees about the NCDS, and in some cases, complete unawareness of its very existence.

Our visits to dealerships suggests that customers who seek assistance from their salespersons are unlikely to receive any useful information about the NCDS. Few of the salespeople we interviewed appeared to have any knowledge of the NCDS or arbitration options in general.

We feel obligated to reiterate that the party who is in the best position to communicate with customers, at most junctures in the warranty repair context, is the servicing dealer. Unfortunately, dealers who wish to ignore their role in facilitating "fair and expeditious" warranty dispute resolution may do so with regulatory impunity, notwithstanding the efforts of Toyota.

We note here that manufacturers' difficulties in complying with this requirement are related in some respects to uncertainty as to the regulation's intent about when the customer is to be informed. A better information dissemination strategy could be developed if regulators provided manufacturers with an operational definition of the phrase, **" ... at the time consumers experience warranty disputes.**

DISCREPANCIES:

None, with the same qualifier given immediately above.

REQUIREMENT: § 703.7 (b) (3)(I)

Analysis of a random sample of disputes handled by the Mechanism to determine the following: (I) Adequacy of the Mechanism's complaint and other forms, investigation, mediation and follow-up efforts, and other aspects of complaint handling; and (ii) Accuracy of the Mechanism's statistical compilations under 703.6 (e). (For purposes of this subparagraph "analysis" shall include oral or written contact with the consumers involved in each of the disputes in the random sample.)

FINDINGS:

The FINDINGS for this section are arranged as follows:

(1) **Forms**

(2) **Investigations**

(3) **Mediation**

(4) **Follow-up**

(5) **Dispute Resolution**

FINDINGS:

1) Forms

The auditors reviewed most of the forms used by each regulated component of the dispute settlement program administered by the National Center for Dispute Settlement (AWAP).

The many forms used by AWAP comprise an important aspect of the arbitration program. The forms we reviewed are "user friendly," well balanced, and provide sufficient information to properly inform the parties without overwhelming them with non-essential paperwork. Overall, the AWAP forms promote efficiency and assist the program in meeting the stated objective of facilitating fair and expeditious resolution of disputes. We found the forms used by NCDS' AWAP program that we reviewed well within the regulatory expectations.[10]

10. We note that the *Customer Claim Form* solicits some information that raises questions about the purpose and appropriateness of some questions in this regulated arbitration process. For example, "Are your loan payments current? Yes - No." We are hard-pressed to see what this question might have to do with the arbitrator's ability to render a decision , or on NCDS' ability to process the matter. Moreover, Rule § 703.5 (c) says: "The Mechanism shall

DISCREPANCIES:

NONE

NCDS general policies for the AWAP are set forth in the pamphlet provided to each applicant for arbitration. Some additional policies are printed in the arbitrator training manual and appropriately arranged in sections which are indexed by subject matter.

In summary, the numerous forms used by the AWAP are in substantial compliance with the federal regulatory requirements.

2) Investigations

This facet of the arbitration program is governed by section 703.5 [c] (Mechanism's Duty to Aid in Investigation).

Field audits, monitoring of arbitration hearings, and interviews with arbitrators and AWAP staff found only a limited number of requests by arbitrators for technical information, but such information is provided by the applicable manufacturer on request.

We included arbitrator requests for Technical Assessment under this investigative category. In the past, arbitrators in many arbitration programs have sometimes relied inappropriately on the manufacturer's technical experts' intervention or on manufacturer reports, losing sight of the fact that this information is provided by manufacturer employees who, despite any expertise they may possess, are nonetheless a party to the dispute. Thus, their representations cannot generally be given the same value as that provided by an independent neutral source. Because this problem has surfaced in many of our reviews of various automobile warranty arbitration programs, we believe it is important that the training of arbitrators continue to stress this as a potential problem that should generally be avoided. This will help avoid a problem that many such programs have experienced. Conflicts between the parties on questions of fact may, in some limited circumstances, be best resolved by an independent inspection conducted by a neutral ASE-certified mechanic.

The manufacturer provides cooperation in responding to arbitrator requests for independent inspections. It appears to be rare for arbitrators to request that the manufacturer provide a copy of a Technical Service Bulletin (TSB) and then delay action on the case pending receipt of the bulletin. Whether a TSB *exists* is apparently more likely to be central to an arbitrator(s) determinations than any information contained therein. The existence of a TSB may increase, in the minds of some arbitrators, the likelihood that a customer's otherwise unverified concern is real. The program would be well served by having TSBs included in the case file whenever the company knows that there is a TSB that could very likely address the

not require any information not reasonably necessary to decide the dispute." Although each manufacturer uses their own *Customer Claim Form* seeking different information from their customers, NCDS requires only that information required by the Magnuson-Moss federal statute and the related Rule 703. Superfluous inquiries then should not be included on the Customer Claim forms.

central concerns set forth in the customer's application and related documentation submitted to the AWAP.

Occasionally, independent inspections are conducted to confirm or deny one party's representations or to resolve conflicts between the representations of the parties. Our monitoring of arbitration hearings in the past suggests that many arbitrators do not understand the real purpose of these inspections, inappropriately viewing them as a means by which to diagnose the vehicle's alleged mechanical problem rather than as a means to resolve conflicts of fact between the parties. This orientation suggests that arbitrators may inappropriately become involved in efforts to achieve customer satisfaction rather than seeing themselves as arbiters of disputes.

Arbitrators would be greatly aided by continued emphasis at arbitrator training on the appropriate use of independent inspections and technical assistance. The AWAP has developed and implemented a national training program that, of necessity, addresses so many issues in a short period of time that it is understandable why arbitrators often lose sight of some of the trainers' admonitions. This underscores the importance of an efficient, on-going feedback loop that provides regular reminders from program staff to arbitrators.

NCDS has addressed the needs related to the concerns referred to above and developed a regular newsletter entitled "NCDS Arbitrator Bulletin." This newsletter is supplemented, on an as needed basis, by such special editions as the one directed to the NCDS California arbitrators which addresses California's unique regulatory requirements.

The general newsletter addresses specific issues that arise from staff's regular observations of arbitrators' needs or program innovations like their coaching and mentoring opportunities for newly added arbitrators. We reviewed several of these newsletters and found them both accurate and of great potential utility.

Other areas to be investigated include:

number of repair attempts;

length of repair periods; and

possibility of unreasonable use of the product.

Customers provide some information on these subjects on the AWAP application and the applicable manufacturer provides it on their own forms entitled *Manufacturer's Response Form.*

The customer application form, unfortunately, does not ask for information about the issue of possible misuse or abuse of the vehicle. Customers should know that the possibility of abuse or misuse of the vehicle may become a significant issue in the arbitrator's decision process so that they can present information accordingly. The company reports may include information on this topic whenever they think it is appropriate, but the customer has no way of knowing that this is a subject they would be well advised to address in the information they present to the board or an individual arbitrator.

In the event that misuse is asserted or suggested as a possibility in the *Manufacturer's Response Form,* the customer is able to submit supplemental information challenging or explaining his/her perspective on the issue. Rather than delay the process or put the customer in the position of having to present a response on short notice, customers could be advised at the onset of the process that the issue might come up in the arbitrator(s)/board's deliberations. The fact that customers receive copies of the statements from the company in advance of the hearings, allowing them the opportunity to challenge any such suggestion, is not, in itself, sufficient to address our concern. Unfortunately, not all questions of possible misuse arise in response to the *Manufacturer's Response Form.* The subject of abuse or misuse of the product may only emerge during the arbitrator(s)/board's deliberations. Based on our interviews with arbitrators, an arbitrator may suspect the possibility of abuse or misuse without having been asserted in the paperwork. In such cases, "misuse" may not be the primary or deciding factor, but can still be a significant factor. Because of its secondary importance, however, it may not be detailed in the decision nor reflected in the fairly brief communications announcing the arbitrator(s) decision. Thus, a customer who may have important rebuttal information on the subject of suspected abuse, might not be aware that abuse of the vehicle had become an issue.

FINDINGS:

The investigation methods used by the AWAP are well known to regulators and appear to be acceptable to them. Moreover, the processes envisioned when Magnuson-Moss was enacted were understood to be substantially abbreviated in comparison to litigation. Ultimately, the question comes down to, "How much investigation is enough?" In our view, more inquiries in the initial phase of the arbitration process would enhance the process, but we are unwilling to assert that this concern threatens compliance.

The methods currently employed by the AWAP clearly result in a useful collection of pertinent information, but it is also clear that there is opportunity to gather significantly more valuable information at virtually no additional cost.

3) **Mediation**[11]

This facet of the arbitration program was historically carried out exclusively by the manufacturer or its dealers. The NCDS process attempts to mediate the case prior to arbitration by having a trained staff person contact the customer and the applicable manufacturer where the facts as they receive them appear to warrant. When mediation fails to result in a settlement, the matter is arbitrated and a decision rendered.

The mediation function envisioned by rule 703 is governed, at least in part, by section 703.2(d) which allows:

> **... Nothing contained in this subchapter shall limit the warrantor's option to encourage consumers to seek redress directly from the warrantor as long as the warrantor does not expressly require consumers to seek**

11. Mediation in this regulatory context does not necessarily imply the use of a neutral third-party mediator, but rather means, the case has been settled prior to the arbitrator rendering a decision.

redress directly from the warrantor. The warrantor shall proceed fairly and expeditiously to attempt to resolve all disputes submitted directly to the warrantor.

FINDINGS:

After a case is opened, the manufacturer generally intercedes in an attempt to resolve the dispute to the customer's satisfaction prior to arbitration. Detailed records are kept as required by § 703.6. This information is contained in the case files maintained by NCDS.

This audit assesses the mediation function only in terms of its impact on the requirement to facilitate fair and expeditious resolution of disputes. All indications are that the mediation function meets the minimum requirements for fair and expeditious resolution of disputes. Mediation is voluntary and in no way is intended to impede or delay a customer's access to arbitration. The degree to which performance of mediated resolutions conforms with time limit requirements is reviewed in the survey section of this report.

4) **Follow-up**

NCDS is responsible for verifying performance of decisions or mediated settlements.

When the customer accepts a settlement offer or an arbitration decision, NCDS monitors the promised performance. NCDS logs the performance information into the file. Once a decision mandating some action on the part of the applicable manufacturer has been rendered and NCDS has received notice that the customer has accepted the decision, a performance survey is mailed to the customer to determine that:

a) the promised performance has taken place, and

b) the performance that has taken place is satisfactory.

If the survey is returned, it is placed in the case file folder.

The recording of performance and maintenance of the AWAP records were reviewed by our inspection of case files provided by NCDS. We reviewed a random sample of case files for each region selected for the audit. The sample is drawn from the computer system maintained by NCDS.

NCDS has developed a policy to ensure that performance verification information is maintained in an electronic case file which may be reviewed by anyone reviewing the case file and, importantly, a note to that effect will appear in the hard copy case file folder.

DISCREPANCIES:

None

5) **Dispute Resolution**

The AWAP uses three arbitration formats. The three formats are: a) a board consisting of three arbitrators; b) individual arbitrators or, c) a panel of three arbitrators for Lexus cases. Customers, other than Lexus may opt to use either a) or b) formats. Importantly, the board process is one wherein the decisions are made after considering only documentary evidence and excludes oral presentation. Of course, customers may opt for a one-member (arbitrator) hearing, wherein oral presentations may be made by the parties. When using a board, the "Members" (i.e., arbitrators) are each provided with a case file that contains pertinent facts gathered by the program. The three arbitrators include: a consumer advocate, a technical member, and a member of the general public. Two members constitute a quorum and the board relies on documents provided by the parties. The arbitrators meet to discuss the facts presented to them and then render a decision. Most board decisions are arrived at by consensus, but sometimes the members resort to a vote to close the matter. The board may request additional information, usually in the form of an independent inspection conducted by a specialist in auto mechanics. Occasionally, the board asks for Technical Service Bulletin information, although technical questions can often be answered by the board's technical member.[12]

In the AWAP formats using a documents only board and single arbitrators, hearings are open, as required by Rule 703, to observers, including the disputing parties. The Lexus panel process is not open to observers. We have said in all our recent reports:

> **It should be noted however, that we HAVE audited a Lexus hearing in Houston, Texas as part of the national Rule 703 audit report and discovered that Lexus has elected to have their cases heard by a three-member panel which takes testimony/evidence from each of the parties and then dismisses the parties while they deliberate and decide the case. We believe this approach is inconsistent with the requirements of Federal Trade Commission Rule 703.8 (d) which provides that meetings of the members to hear and decide disputes shall be open to observers on reasonable and nondiscriminatory terms. Further, the Rule's, *Statement of Basis and Purpose* (pp. 60215, Federal Register Vol. 40, no. 251) explains that the one case where they allow for the exclusion of persons to the meeting is limited to non-party observers. The FTC further emphasizes the importance of the parties being present to provide the scrutiny function intended. Lexus and NCDS will need to re-visit this aspect of their program to ensure compliance. [NOTE: NCDS has interpreted the regulatory language differently and administers the program so that actual deliberation is conducted by the arbitrators without the presence of the parties.]**

12. Each facet of the AWAP has Automotive Service Excellence (ASE) certified mechanics available to provide independent inspections to resolve conflicts of facts as presented by the parties. ASE is a private association that tests applicants to ascertain whether they possess a specified degree of expertise in automotive mechanics.

Nothing has changed since we issued last year's report referencing the Lexus process as regards the open meetings provision [§ 703.8 (d)].

The parties are sent copies of the case files before the board meets and are informed that they may submit additional information if they choose to clarify or contradict information in the file. Any additional information is then provided to the board prior to its deliberations.

In most cases, the NCDS process involves a single arbitrator. In such instances, the hearing is conducted solely by the arbitrator with no administrative assistance. Moreover, it is typically held outside of an NCDS office so the only support services (e.g., copy or fax machines) are those that may exist at the place selected for the hearing. Most often the site selected is a participating manufacturer's dealership.

Decisions of the arbitrator(s) are binding on participating manufacturers but not on the consumer.

FINDINGS:

The AWAP's meeting process is in substantial compliance with the federal regulation and provides for fair and expeditious resolution of warranty disputes. Overall, the program meets the requirements of Rule 703. The exception pertains to the Lexus panel process as regards open meetings as discussed elsewhere in this report.

We have noted continued improvement in awareness of important legal principles and various warranty doctrines among established arbitrators who have been provided arbitrator training. Arbitrators' increased awareness of their scope of authority, the essential components of a decision, and factors that may be important when considering whether to apply a mileage deduction in repurchase or replacement decisions are clearly attributable to the professional training program NCDS provides for its arbitrators.

Arbitrators are volunteers whose only compensation is a nominal per diem and mileage expense allowance.[13] Arbitrators are not required by the program to have any established expertise in the complexities of automobile warranty law at the time of their appointment. Fairness, as envisioned by state policy makers, however, requires that arbitrators have some level of knowledge of the state and federal regulations that set forth the basic rights and responsibilities of the parties to a warranty dispute.

Our monitoring of arbitration hearings and interviewing of arbitrators in virtually all such programs has continually underscored the importance of on-going arbitrator training. Without regular input and feedback mechanisms, arbitrators are occasionally uncertain about their rights and responsibilities. Since the AWAP hearings/meetings are rarely attended by people other than the parties and a manufacturer representative, the arbitrators operate in a kind of self-imposed vacuum, without direct access to a feedback mechanism other than an occasional independent vehicle inspection report. In addition, because arbitrators are

13 Currently, NCDS arbitrators are provided a per diem allowance of $100.00 a hearing plus reimbursement for any mileage expenses incurred.

volunteers who usually participate in the AWAP process infrequently, a mistake made at one hearing can easily become an institutionalized error that could subject the program to a possible compliance review. On-going training would greatly alleviate these concerns for arbitrators.

The NCDS program has also informed us that they continue their efforts to address the "boilerplate" problem, alluded to in previous reports, including explanations provided at arbitrator training to ensure that arbitrators understand that the "Lemon Law" thresholds for establishing presumptions do not serve as a threshold for their awarding "buy back" relief. At our review of arbitrator training some time ago, we confirmed that these efforts were continuing and have some noteworthy effects. Our finding set forth in last year's report was consistent with our experience with this year's Texas arbitration training. [For details see the training section of this report.]

Overall, the AWAP members demonstrate a clear commitment to providing fair and expeditious resolution of warranty disputes.

DISCREPANCIES:

None

SECTION III

Field Audit of Three Geographical Areas

I. Indiana

A. Case Load and Basic Statistics

In Indiana, NCDS handled 20 AWAP cases in 2013.

Of the total number of 2013 Indiana cases (20), seven (35%) were "no-jurisdiction" cases. There were 12 cases arbitrated (60%) of the 13 in-jurisdiction cases, and 1 case was mediated. Of the 12 cases arbitrated, all of them (100%) were decided "adverse to the consumer." The average number of days for handling a 2013 case in Indiana was 32 days. This compares with an average of 30 days handling nationwide.

B. Recordkeeping, Accuracy and Completeness

We requested a random sample of case files drawn from all cases closed during the audit period and examined them to determine whether they were complete and available for audit. Generally, the records were complete and available for audit.

We analyzed several NCDS-generated statistical reports covering the 2013 NCDS' Operations. Those reports are available from Ms Debbie Lech, Operations Manager, National Center for Dispute Settlement, 12900 Hall Road, Suite 401, Sterling Heights, MI 48313.

The results of the random sample inspection of case file folders are detailed below:

§ 703.6 (a) (1-12)

(a) The Mechanism shall maintain records on each dispute referred to it which shall include:

1) Name, address and telephone number of the consumer.
2) Name, address and telephone number of the contact person of the Warrantor.
3) Brand name and model number of the product involved.
4) The date of receipt of the dispute and date of disclosure to the consumer of the decision.
5) All letters and other written documents submitted by either party.

FINDINGS:

The auditor examined the case file folders extracted from all 2013 "in-jurisdiction" case files. We examined each sample file with respect to the items enumerated in subsections 1 through 5 with the following results:

l) All case files contained the customer's name, address, and telephone number.

2) The requirement is met. The name and address of the warrantor's contact person is included with the initial correspondence that the customer receives from the program. In addition, the various regional office contact addresses and phone number is included in each Owner's Manual that accompanies all new vehicles when they are delivered. The contact person is so generally known as to not require it to be placed in each individual case file.

3) All case files inspected contain the make and vehicle identification number (VIN) of the vehicle. It is usually found in the customer application form, the richest source of information within most files, but the vehicle make and VIN is often located in documents throughout the file. As a result, cases are seldom, if ever, delayed because the customer has failed to provide the VIN when filing their application.

4) All case files inspected contain this information.

5) Many files contained letters and additional documents, but since there is no standard by which to measure this item, we determined this subsection to be "not applicable."

§ 703.6 (a) (1-12) [Continued]

6) All other evidence collected by the Mechanism relating to the dispute, including summaries of relevant and material portions of telephone calls and meetings between the Mechanism and any other person (including consultants described in section 703.4(b) of this part);

7) A summary of any relevant and material information presented by either party at an oral presentation.

8) The decision of the members including information as to date, time and place of meeting, the identity of the members voting; or information on any other resolution;

FINDINGS:

All files for cases that were arbitrated contained the information required by sections six and eight. Oral presentations are a basic component of the NCDS program in this jurisdiction, and section seven requires summaries of the oral presentations to be placed in the case file. In the case files we reviewed for this region, the record-keeping requirements were met.

9) A copy of the disclosure to the parties of the decision.

Each applicable case file contained a copy of the decision letter sent to the customer. This letter serves as both the decision and the disclosure of the decision.

10) A statement of the warrantor's intended action(s);

FINDINGS:

The warrantor's intended action(s) and performance are inextricably linked. Thus, we validate this item in terms of performance verification. Performance verification is a function carried out by NCDS. This office sends a survey to the customer following receipt of the customer's acceptance of those decisions mandating some action on the part of the manufacturer to ask, among other things, whether any required performance has taken place. Customers are asked to return the survey to the office of NCDS. As noted elsewhere, we found few returned survey forms in the case files. In the past, we have stated that the absence of performance verification forms in the case file does not constitute a regulatory inconsistency since performance verification information may not be available from the customer. By mailing a performance verification survey NCDS goes as far as can be expected in determining whether arbitration decisions are, in fact, being performed. It seems entirely appropriate for the program to assume performance of the decision has taken place when the customer performance survey is not returned. For those who may be skeptical about such important assumptions, it should be remembered that even if a manufacturer engaged in a programmatic attempt to avoid performing arbitration decisions, that fact would, of course, emerge in the context of our national random survey of customers who have used the program. Performance verification status should and does appear in the case file as is indicated by sections 11 and 12 below.

11) Copies of follow-up letters (or summaries of relevant and material portions of follow-up telephone calls) to the consumer and responses thereto; and

12) Any other documents and communications (or summaries of relevant and material portions of oral communications) relating to the dispute.

FINDINGS:

Section 11 above is not applicable for purposes of the audit because there is no practical means by which to verify the completeness and accuracy of such possible additions to the files. Section 12, however, appears to mandate that a summary form be created whenever the arbitrator receives an oral communication that may have any bearing on the matter in dispute from either party. Of course, most such communications come in the form of oral presentations by the parties at the hearing, in which case the communications are summarized in the arbitrator's decision. All summaries are now included in the case file.

CONCLUSIONS:

The NCDS program's record keeping policies and procedures, with the alluded to necessary modifications made in the recent past, are in substantial compliance with the federal Rule 703 requirements.

C. Case File Records (4 yrs. 2010-2013)[14]

§ 703.6 (f)

> **(f) The Mechanism shall retain all records specified in paragraphs (a) through (e) of this section for at least 4 years after final disposition of the dispute.**

A random sample of case numbers from the years 2010 through 2013 was drawn from the NCDS data base program. Our inspection of this sample verified that they were being maintained per requirement § 703.6(f).

The closed files are stored at an off-site record storage facility of the NCDS suburban Detroit, Michigan, office. We did not inspect the off-site facility for this year's audit. The files we viewed, however, were intact and readily available for inspection. The random sample inspection of case files drawn from all cases in the four-year universe of cases validated the program's maintenance of these records as required.

D. Arbitration/Hearing Records

i. Case file folders

Most information that is required to be maintained is found on a series of forms found in the case files maintained at the NCDS headquarters in Detroit, Michigan.

ii. Arbitrator Biographies

The arbitrator biographies for the national program are available for review from Debbie Lech, Operations Manager, National Center For Dispute Settlement, 12900 Hall Road, Suite 401, Sterling Heights, MI 48313. The biographies are thorough and current. The list of arbitrators for each district includes the dates of their appointments.

14. Since some of the participating manufacturers have not been administered by NCDS for four years, we could not render any judgment in that regard to that manufacturer. Still, we have seen how the files were maintained in other audits we have conducted, and as a result, we have confidence the files are being stored as required. Moreover, we saw no substantive inconsistency in how NCDS maintains files between manufacturers so we feel comfortable in assuming that what is true in this regard for Chrysler, Lexus , Mitsubishi and Toyota, will be seen to also be true for the Acura, Honda, Suzuki, and Tesla aspects of the national AWAP.

E. Hearing Process

The AWAP hearing was held at the Heart City Toyota dealership in Elkhart, Indiana. The hearing was scheduled for May 8, 2014 and the hearing began as scheduled at 11:00 am.

i. Physical Description of Hearing (i.e., Meeting)

The hearing room was of adequate size for accommodating the hearing. Attending were two manufacturing representatives, the customer, the arbitrator, and the auditor.

ii. Openness of Hearing

The arbitrator communicated to the auditor her understanding that the hearings are open and can be attended by observers who agree to abide by the program's rules. The hearing room would accommodate any likely visitors.

iii. Efficiency of Meeting

The arbitrator's case file appeared complete. She informed the parties about the basic rules of the program that govern hearings and also explained that both parties would be able to ask any questions they may have prior to concluding the hearing. The arbitrator did not provide an overview of the case nor did she express her understanding as to what relief the customer was seeking which would have been helpful.

She then proceeded to allow each party to present their case. Both the customer and the manufacturer's representative made oral presentations. Following the presentations, the arbitrator accompanied the Toyota representatives and the customer to the vehicle at issue and then took a brief test drive.

The arbitrator demonstrated throughout the hearing that she knew how to properly conduct a hearing. After determining that no one had anything further to add, the arbitrator declared the hearing closed.

iv. Hearing

The hearing was properly conducted. All parties were afforded an opportunity to present their versions of the case. Following each party's presentation, the other party was given an opportunity to clarify or challenge, as was appropriate.

v. Board/Arbitrator Decisions

We reviewed this case's decision and a sample of Indiana NCDS decisions rendered in 2013 while conducting our on-site visit to the suburban Detroit headquarters of NCDS. Overall, the decisions we reviewed were reasonable and consistent with the facts of the case, at least insofar as the case file is concerned. The decision in this particular case was also reasonably consistent with the facts as presented in the case file and those presented during the hearing.

CONCLUSION:

The AWAP, as it operates in the state of Indiana is in substantial compliance with Rule 703, The NCDS administrative staff and the NCDS program demonstrated a clear commitment to ensure fair and expeditious resolution of warranty disputes. The administrative staff is clearly dedicated to the program's mission and demonstrates a high degree of professionalism.

II. Texas

A. Case Load and Basic Statistics

The Texas statistical compilations identifies 88 total disputes closed for 2013. Of these 25 (28.4 % of all disputes) were beyond jurisdiction for NCDS' arbitration program review. Of the remaining 63 cases, eight (12.6% of all in-jurisdiction disputes[15]) were mediated, and 53 (71.5% of all in-jurisdiction disputes) were arbitrated[16]. One case was reported as "pending" as of the date the report was originally generated. The regulations do not require reporting the number of cases that are voluntarily withdrawn by the customer. These cases typically account for why the numbers reported pursuant to the regulatory requirement may not sum to the total number of cases filed. The average number of days for handling a 2013 case in Texas was 31. This is nearly identical to case handling nationwide (30).

We requested a random sample of cases drawn from all 2013 Texas cases closed during the audit period and examined the cases provided to determine whether they were complete and available for audit. Files were reviewed for accuracy and completeness. The findings of that review are set forth below.

B. Recordkeeping Accuracy and Completeness

The Texas audit includes a review of a panel meeting where an individual hearing is held for several cases wherein there are no personal presentations made but rather are judged based on written submissions of the parties and the applicable evidence submitted by the parties in light of the applicable Federal, and in some cases State Law. Each case's review is considered by the program as an individual hearing. The hearings were held at the headquarters of the National Center for Dispute Settlement, 105 Decker Court, Irving, Texas.

In addition, we reviewed a sample of case files for Texas which are stored at national headquarters of the National Center for Dispute Settlement (NCDS), in Sterling Heights, [Detroit area] Michigan.

§ 703.6 (a)(1-12)

(a) The Mechanism shall maintain records on each dispute referred to it which shall include:

1) Name, address and telephone number of the consumer;
2) Name, address and telephone number the contact person of the Warrantor;
3) Brand name and model number of the product involved;
4) The date of receipt of the dispute and date of disclosure to the consumer of the decision;

15. Our calculation here is based only on the 63 cases within the program's jurisdiction.

16. There were 53 cases fully "decided" at the time the statistics report was created and one case was categorized as a "pending decision" which implies that this case was eventually arbitrated [i.e., "decided by Members"/arbitrators] or, may have been delayed during the compliance stage of the case's final disposition. This can happen for many reasons. For example, a decision may have ordered a replacement of the customer's vehicle but the parties may have agreed to an upgrade requiring a search for a vehicle that meets the specifications mutually agreed upon by them.

5) All letters or other written documents submitted by either party.

FINDINGS:

We examined the case files extracted from all "in-jurisdiction" regional case files closed during the audit period. We reviewed these files for the items enumerated in subsections 1 through 5 with the following results:

1) All case files contained the customer's name, address, and telephone number.

2) The requirement is met. The name and address of the warrantor's contact person is included with the initial correspondence that the customer receives from the program. In addition, the various manufacturer's contact address and phone number is included in each Owner's Manual that accompanies all new vehicles when they are delivered. The contact person is so generally known as to not require it to be placed in each individual case file.

3) All case files inspected contain the make and vehicle identification number (VIN) of the vehicle. This information is generally found in the customer application and in a number of other documents in the file. As a result, cases are rarely delayed simply because the customer fails to include the VIN in the application.

4) All case files inspected contain this information. Not all cases necessitate a decision letter, but where a decision was rendered, the appropriate notification letter was present.

5) Many files contained letters and additional documents, but since there is no standard by which to measure this item, we determined this subsection to be "not applicable."

§ 703.6(a)

6) All other evidence collected by the Mechanism relating to the dispute, including summaries of relevant and material portions of telephone calls and meetings between the Mechanism and any other person (including consultants described in section 703.4(b) of this part;

7) A summary of any relevant and material information presented by either party at an oral presentation;

8) The decision of the members including information as to date, time and place of meeting and the identity of members voting; or information on any other resolution.

FINDINGS:

All files for cases that were arbitrated contained the information required by sections six and eight. Oral presentations are a basic component of the NCDS program in this jurisdiction, and section seven requires summaries of the oral presentations to be placed in the case file. It is NCDS policy that the arbitrator conducting the hearing must summarize all significant information presented orally by either party during any facet of the hearing. We noted such language in the case files we reviewed but we did not conduct a qualitative review of that portion of each case's decision. We offer no judgement then on whether these summaries are consistently detailed and/or accurate depictions. At the same time, we saw no particular reason to question the sufficiency of this method.

9) A copy of the disclosure to the parties of the decision.

FINDINGS:

All files for cases that were arbitrated contained the required information.

10) A statement of the warrantor's intended action(s);

FINDINGS:

The warrantor's intended action(s) and performance are inextricably linked. Thus, we validate this item in terms of performance verification. Performance verification is a function carried out by NCDS. This office sends a survey to the customer following receipt of the customer's acceptance of those decisions mandating some action on the part of the manufacturer to ask, among other things, whether any required performance has taken place. Customers are asked to return the survey to the office of NCDS. As noted elsewhere, we found few returned survey forms in the case files. In the past, we have stated that the absence of performance verification forms in the case file does not constitute a regulatory inconsistency since performance verification information may not be available from the customer. By mailing a performance verification survey, NCDS goes as far as can be expected in determining whether arbitration decisions are, in fact, being performed. It seems entirely appropriate for the program to assume performance of the decision has taken place when the customer performance survey is not returned. For those who may be skeptical about such important assumptions, it should be remembered that even if a manufacturer engaged in a programmatic attempt to avoid performing arbitration decisions, that fact would, of course, emerge in the context of our national random survey of customers who have used the program. Performance verification status should and does appear in the case file as is indicated by sections 11 and 12 below.

11) Copies of follow-up letters (or summaries of relevant and material portions of follow-up telephone calls) to the consumer, and responses thereto; and
12) Any other documents and communications (or summaries of relevant and material portions of oral communications) relating to the dispute.

Section 11 above is not applicable for purposes of the audit because there is no practical means by which to verify the completeness and accuracy of such possible additions to the files. Section 12, however, appears to mandate that a summary form be created whenever the arbitrator receives an oral communication that may have any bearing on the matter in dispute from either party. Of course, most such communications come in the form of oral presentations by the parties at the hearing, in which case the communications are summarized in the arbitrator's decision. All summaries are now included in the case file.

CONCLUSIONS:

The NCDS program's record keeping policies and procedures are in substantial compliance with the federal Rule 703 requirements.

Note: Over the course of several years, the review of case files reveal anomalies that, when discussed with staff of the program, demonstrate significant problems that then have resulted in modifications to the program. These modifications in the program assist in maintaining the program's compliance status relative to the various federal and state regulations.

C. Case File Records (4 yrs. 2010-2013)

§ 703.6 (f)

(f) The Mechanism shall retain all records specified in paragraphs (a) through (e) of this section for at least 4 years after final disposition of the dispute.

The closed files are stored at an off-site record storage facility of the NCDS Sterling Heights [Suburban Detroit], Michigan, office. We did not inspect the off-site facility for this year's audit. The files we viewed were intact and readily available for inspection. We inspected a random sample inspection of case files drawn from all cases in the four-year universe of cases from Texas Our review validated the program's maintenance of these records as required.

D. Arbitration/Hearing Records

i. Case file folders

Most information that is required to be maintained is found on a series of forms found in the case files maintained at the NCDS headquarters in Detroit, Michigan.

ii. Arbitrator Biographies

The arbitrator biographies for the national program are available for review from Debbie Lech, Operations Manager, NCDS at their headquarters in Sterling Heights [Detroit],

Michigan. The biographies are thorough and current, and the list of arbitrators for each district includes the dates of their appointments.

E. Hearing Process

i. Physical Description of Hearing (i.e., Meeting)

This year's review of the hearing process in Texas is unique, as is the hearing(s) because the NCDS program provides the opportunity for those customers who choose to use that opportunity, to simply submit their case in writing to a panel of arbitrators. In such cases, the manufacturer agrees to participate in the same way as the customer and submits their case in writing.

Each case's review is considered by the program as an individual hearing. The hearings were held at the headquarters of the National Center for Dispute Settlement, 105 Decker Court, Irving, Texas.

The hearing room was of adequate size for accommodating the hearing. The attendees included three arbitrators, and the auditor. The auditors reviewed the process during the arbitrators' review, discussion, and decision of several such cases and subsequently compared our notes taken at the hearings with the final decisions recorded and maintained at the NCDS office's in Sterling Heights, Michigan.

ii. Openness of Hearing

The arbitrators communicated to the auditor their understanding that the hearings are open and can be attended by observers who agree to abide by the program's rules. The hearing room would accommodate any likely visitors.

iii. Efficiency of Meeting

The arbitrators' case files appeared to be complete in the case of every complaint reviewed and decided. The arbitrators reviewed the basic issues and evidence presented for each case and rendered their decisions before moving on to another case. We found these discussions thorough, thoughtful, and seriously considered.

One of the arbitrators began each case with an overview of the case, identifying the customer by name and identifying the make and model of the vehicle involved . In most cases we assessed, the customer's request for relief was denied, but the reason's varied from one case to another. Generally speaking, the underlying cause for the denial of relief was that the customer failed to provide sufficiently compelling evidence to support their claim(s).

In one case, however, the customer requested a repurchase (refund) and based on the evidence presented, the panel awarded the requested relief. The panel also declined to assess any mileage charge for use because it appeared that the vehicle's unresolved warranty dispute concerned a problem identified shortly after the vehicle was purchased.

iv. Hearing

The hearing was well conducted and consistent with all the federal legal requirements set for in the Act and the applicable administrative Rules (Rule 703) .

This panel appeared to be made up of well trained individuals who were well versed in their responsibilities under the applicable Federal and State Laws, as well as the rules of the NCDS program. The hearing was conducted consistent with the NCDS arbitrator Training.

v. Board/Arbitrator Decisions

We reviewed all of the decisions made that day and all of them appeared to contain the required information. The decisions were all reasonably consistent with the facts of the case as presented in writing by the parties.

CONCLUSION:

The AWAP, as it operates in the state of Texas, is in substantial compliance with Rule 703. The NCDS administrative staff and the NCDS program demonstrated a clear commitment to ensure fair and expeditious resolution of warranty disputes as did all the members of the arbitration panel. Each case was reviewed and decided based upon written submissions from the respective parties. The administrative staff of NCDS is clearly dedicated to the program's mission and demonstrates a high degree of professionalism.

III. Florida

A. Case Load and Basic Statistics

The Florida statistical compilations identifies 177 total disputes closed for 2013. Of these 33 (18.6 % of all disputes) were beyond jurisdiction for NCDS' arbitration program review. Of the 144 in-jurisdiction cases (81.3% of all filed disputes[17]) 36 were mediated (25 % of in-jurisdiction cases)], and 94 (65.2% of all in-jurisdiction disputes) were arbitrated[18]. Seven cases were reported as "pending" as of the date the report was originally generated. The regulations do not require reporting the number of cases that are voluntarily withdrawn by the customer. These cases typically account for why the numbers reported pursuant to the regulatory requirement may not sum to the total number of cases filed. The average number of days for handling a 2013 case in Texas was 31. This is nearly identical to case handling nationwide (30).

We analyzed several NCDS statistical reports covering 2013 NCDS' arbitration program operations, including some that are Florida-specific. The material required to be maintained and reported by § 5J - 11.010(2) (b) and (c) above was submitted to us in a document cross-referencing the Florida regulatory requirement, Chapter 5J 11.010. As such, the requirement is met.

The above referenced reports are available upon request from Ms Debbie Lech, Manager of Dispute Resolution Operations, National Center For Dispute Settlement, 12900 Hall Road, Suite 401, Sterling Heights, MI 48313.

B. Recordkeeping Accuracy and Completeness

We had a random sample of Florida case files drawn from all cases closed during the audit period [2013] and examined them to determine whether they were complete and available for audit. Generally, the records were complete and available for audit.

§ 703.6 (a)(1-12)

> **(a) The Mechanism shall maintain records on each dispute referred to it shall include:**
>
> **1) Name, address and telephone number of the consumer;**
> **2) Name, address and telephone number the contact of the warrantor;**
> **3) Brand name and model number of the product involved.**

17. Our calculation here is based only on the 144 cases within the program's jurisdiction.

18. There were 94 cases fully "decided" at the time the statistics report was created and seven cases were categorized as a "pending decision" which implies that this case was eventually arbitrated [i.e., "decided by Members"/arbitrators] or, may have been delayed during the compliance stage of the case's final disposition. This can happen for many reasons. For example, a decision may have ordered a replacement of the customer's vehicle but the parties may have agreed to an upgrade requiring a search for a vehicle that meets the specifications mutually agreed upon by them.

4) The date of receipt of the dispute and date of disclosure to the consumer of the decision;
5) All letters and other written documents submitted by either party.

FINDINGS:

The auditor examined a sample of case file folders randomly extracted from all 2013 "in-jurisdiction" case files. We examined each sample file with respect to the items enumerated in subsections 1 through 5, with the following results:

l) All case files contained the customer's name, address, and telephone number.

2) The requirement is met. The name and address of the warrantor's contact person is included with the initial correspondence that the customer receives from the program. In addition, the manufacturer's contact address and phone number is included in each Owner's Manual that accompanies all new vehicles when they are delivered. The contact person is so generally known as to not require it to be placed in each individual case file.

3) All case files inspected contain the make and vehicle identification number (VIN) of the vehicle. This information is generally found in the customer application and in a number of other documents in the file. As a result, cases are rarely delayed simply because the customer fails to include the VIN in the application.

4) All case files inspected contain this information. Not all cases necessitate a decision letter, but where a decision was rendered, the appropriate notification letter was present.

5) Many files contained letters and additional documents, but since there is no standard by which to measure this item, we determined this subsection to be "not applicable."

§ 703.6 (a) [continued]

6) All other evidence collected by the Mechanism relating to the dispute, including summaries of relevant and material portions of telephone calls and meetings between the Mechanism and any other person (including consultants described in section 703.4(b) of this part;

7) A summary of any relevant and material information presented by either party at an oral presentation;

8) The decision of the members with information as to date, time and place of meeting, the identity of members voting; or information on any other resolution;

FINDINGS:

All files for cases that were arbitrated contained the information required by sections (6) through (8). Oral presentations are a basic component of the NCDS program in this jurisdiction, and section (7) requires summaries of the oral presentations to be placed in the case file as part of the arbitrator's decision. In the case files we reviewed for this region, the record-keeping requirements embodied in subsections 6-8 were met.

9) A copy of the disclosure to the parties of the decision.

FINDINGS:

All applicable case files contain a letter from the arbitrator announcing his/her decision.[19]

10) A statement of the warrantor's intended action(s);

FINDINGS:

The warrantor's intended action(s) and performance are inextricably linked. Thus, we validate this item in terms of performance verification. Performance verification is a function carried out by NCDS. This office sends a survey to the customer following receipt of the customer's acceptance of those decisions mandating some action on the part of the respective manufacturer to ask, among other things, whether any required performance has taken place. Customers are asked to return the survey to the office of NCDS. As noted elsewhere, we found few returned survey forms in the case files. In the past, we have stated that the absence of performance verification forms in the case file does not constitute a regulatory inconsistency since performance verification information may not be available from the customer. By mailing a performance verification survey, NCDS goes as far as can be expected in determining whether arbitration decisions are, in fact, being performed. It seems entirely appropriate for the program to assume performance of the decision has taken place when the customer performance survey is not returned. For those who may be skeptical about such important assumptions, it should be remembered that even if a manufacturer engaged in a programmatic attempt to avoid performing arbitration decisions, that fact would, of course, emerge in the context of our national random survey of customers who have used the program. Performance verification status should and does appear in the case file as is indicated by sections 11 and 12 below.

11) Copies of follow-up letters (or summaries of relevant and material portions of follow-up telephone calls) to the consumer and responses thereto; and

12) Any other documents and communications (or summaries of relevant and material portions of oral communications) relating to the dispute.

19. Some cases do not result in a decision. The case may end in a mediated settlement that came about after the case had been received by the AWAP but prior to the hearing to decide the matter.

Section 11 above is not applicable for purposes of the audit because there is no practical means by which to verify the completeness and accuracy of such possible additions to the files. Section 12, however, appears to mandate that a summary form be created whenever the arbitrator receives an oral communication that may have any bearing on the matter in dispute from either party. Of course, most such communications come in the form of oral presentations by the parties at the hearing, in which case the communications are summarized in the arbitrator's decision. All summaries are now included in the case file.

CONCLUSIONS:

The NCDS AWAP record keeping policies and procedures are in substantial compliance with the federal Rule 703.

C. Case File Records (4 yrs. 2010-2013)

§ 703.6 (f)

(f) The Mechanism shall retain all records specified in paragraphs (a) through (e) of this section for at least 4 years after final disposition of the dispute.

We reviewed a random sample of 25 case numbers from the years 2010 through 2013 drawn from NCDS' complete data base program. We checked the sample case files to verify that they were being maintained per requirement § 703.6(f).

The closed files are stored at an off-site record storage facility of the NCDS Sterling Heights, Michigan, office. We did not inspect the off-site facility for this year's audit. The files we reviewed appeared intact and were readily available for inspection. The random sample inspection of case files drawn from all cases in the four-year universe of cases validated the program's maintenance of these records as required.

D. Arbitration/Hearing Records

i. Case file folders

Most information that is required to be maintained is found on a series of forms found in the case files maintained at the NCDS headquarters in Sterling Heights, Michigan.

ii. Arbitrator Biographies

The arbitrator biographies for the national program are available for review from Debbie Lech, Operations Manager, National Center For Dispute Settlement at their headquarters in Sterling Heights (Detroit), Michigan. The biographies are

thorough and current. The list of arbitrators for each district includes the dates of their appointments.

E. Hearing Process

i. Physical Description of Hearing (i.e., Meeting)

The hearing room selected was of adequate size for accommodating the hearing including any reasonable number of visitors. The attendees included the arbitrator, the customers [husband and wife with their daughter as interpreter], together with two Toyota manufacturer representatives, and one auditor.

The AWAP hearing was held at the Toyota of Tampa Bay Dealership on March 4, 2014, at 9:00 a.m. in Tampa, Florida.

ii. Openness of Meeting

The arbitrator explained to the auditor his understanding that the hearings are open and can be attended by any observers who agree to abide by the program's rules.

iii. Efficiency of Meeting

The arbitrator's case file appeared complete. He informed both parties, and the customer's daughter serving as translator, about the basic rules of the program that govern hearings. He also explained that the parties would be able to ask appropriate questions prior to him concluding the hearing. The arbitrator provided an overview of the case including his understanding as to the relief the customer was seeking.

The arbitrator proceeded to allow each party to present their case. Both the customer and the manufacturer's representative made oral presentations.

The arbitrator demonstrated throughout the hearing that he knew how to properly conduct a hearing. After determining that the parties had nothing further to add, he declared the hearing closed.

iv. Hearing Process

The hearing was, in the main, properly conducted. All parties were afforded an opportunity to present their versions of the case. Following each party's presentation, the other party was given an opportunity to ask clarification questions and then present arguments in rebuttal, as was appropriate.

The arbitrator conducted an inspection of the customer's vehicle toward the conclusion of the hearing and the parties participated in a test drive of the customer's vehicle. After the inspection was complete, all those participating returned to the hearing room. At that time the hearing was ended.

v. Board/Arbitrator Decisions

We reviewed this case's decision and a sample of Florida NCDS decisions rendered in 2013. Overall, the decisions we reviewed were reasonable and consistent with the facts of the case, at least insofar as the case file is concerned. The decision in this particular case was consistent with the facts as presented in the case file and during the hearing.

CONCLUSION:

We conclude that the AWAP, as it operates in the state of Florida, is in substantial compliance with Magnuson-Moss Warranty Act and administrative Rule 703.

The NCDS administrative staff and the NCDS program demonstrated a clear commitment to ensure fair and expeditious resolution of warranty disputes. The administrative staff is clearly dedicated to the program's mission and demonstrates a high degree of professionalism.

SECTION IV

Arbitration Training

There is no specific language in Rule 703 requiring the training of arbitrators, but there is in the Florida governing statute and its related administrative rule. In addition, there are several general requirements for ensuring that the program do whatever is necessary to provide customers with an opportunity for fair and expeditious resolution of warranty disputes.

Arbitration training is currently seen by most regulators as fundamental to ensuring that a program is fair to all sides. Consequently, all current arbitration programs have initiated the training process even in states that do not specifically require it. Because such training has become a basic part of the NCDS program, it is incorporated into this report as part of the program's efforts to provide for fair and expeditious resolution of disputes.

FINDINGS:

The national training program was conducted from March 21 -23, 2014 in Dallas, Texas, at the Westin Dallas/Ft. Worth Airport.

The national training in 2014, was conducted by NCDS staff with legal augmentation provided by Mary Bedikian on regulatory matters. The training program attendees included, the NCDS management staff, NCDS trainers, 45 arbitrators, and a Claverhouse Associates senior auditor. Ms. Bedikian is on the faculty at Michigan State University's Law School and has a long association with various arbitration associations. The staff's day-to-day familiarity with the applicable federal and state statutes and related administrative Rules allowed them to provide useful training that was accurate and complete. As is typical, the regulatory aspects of training is conducted by an attorney having familiarity with the historical development of and the intricate interrelationships of the applicable federal and state statutes.

The weekend training program opened with an introduction of trainers, followed by an overview of the training agenda. The online portal system was demonstrated along with a review of automotive terminology significant to the auto arbitration process.

Overall, the training appears to have left trainees with an opportunity to develop a good grasp of their responsibilities as arbitrators. As was true at last year's training, trainees were presented with information that makes it clear for those customers who purchase a vehicle with a substantial non-conformity that the manufacturer fails to cure in a reasonable number of attempts should probably receive the relief they are entitled to under the terms of the Magnuson-Moss Warranty Act or the appropriate state automobile warranty statute.

Also discussed was the appropriate use of independent technical inspections and their limitations. Emphasis was given to the arbitrator's duty to not exceed his or

her authority in relation to the independent inspection but to simply accept the independent inspection report as yet another piece of evidence.

There was a useful discussion of the participating manufacturers' warranty parameters and how they fit into the process. This discussion was sufficiently detailed to give arbitrators enough information without overwhelming them with minutiae.

The second day of training was very comprehensive starting with the basics of arbitration including, but not limited to, regulatory references and related laws. NCDS's arbitration administrative process was carefully detailed followed by procedural steps in preparing for a hearing. The actual steps of conducting a hearing were covered and then practiced in mock arbitration hearings in group format.

NCDS staff presented a session devoted, in the main, to the arbitrator's duty to disclose possible conflicts of interest where applicable. In addition, arbitrators learned about the process for addressing potential disqualification of an arbitrator, as well as ethical issues pertaining to arbitrators.

An appropriate degree of emphasis was given to writing decisions and providing adequate underlying rationales for those decisions. This included a careful presentation on leased vehicles and the sometimes complicated differences between providing relief to these cases as opposed to providing relief in cases in which vehicles are purchased outright.

Finally, the training session provided a clear discussion of issues surrounding jurisdiction of the program to hear and decide cases. In this program, the NCDS staff makes a preliminary determination, but where customers disagree with the initial determination, the matter is presented to the program's three-member panel for their review and final determination

We pointed out in previous audits the following:

> "On several occasions, trainees interrupt the trainers and pose very broad and theoretical questions that result in substantial time being taken to address numerous fact situations that are rarely, if ever, experienced. It is natural for such questions to arise, but relegating them to another time seems more appropriate. Allowing these kind of diversions, can take trainees attention away from the main subjects under consideration and reduce the likelihood of important retention of the subjects set forth in the training agenda."

Trainers brought this concern to the attention of this year's trainees which had a noticeable effect. This year's experience was better than last years, in this regard, but it is clear that participants will invariably pose distracting hypothetical scenarios if not closely monitored by the trainers. None of this, however, rises to the level of a regulatory problem. It does affect, in our judgement, the over-all

quality of the training. Our comments are offered only in the spirit of quality control.

The last day's training program allowed for drafting decisions and all its associated elements. Trainees applied their training principles and acquired tools to draft decision.

The program ended with an exam, an evaluation of the training program and trainees were given a take home exam which they return to the staff. The exams are then reviewed to determine if the arbitrator appeared to grasp the essentials covered at training. This is supplemented with periodic refresher training that takes place every other year. In addition, NCDS offers on-line course supplemental instruction to all its arbitrators.

The 2014 training session was a national refresher program. It was designed to address issues that had arisen during the recent past that demonstrated a need for greater clarification for arbitrators. Issues addressed include: affirmative defenses, jurisdictional determination, due-process requirements, collateral charges, mileage off-set determination issues (where applicable) and defining the limits of arbitration in the hearing process.

On one particular issue, we disagree with a trainer's representations that seemed to suggest that improper repairs, or incompetent repairs by a dealer's service department, is a valid defense for manufacturers in this venue. We disagree, in general, with this representation. Dealers, generally, serve as the manufacturers agents, for purposes of carrying out warranty repairs. If this were a generally valid defense to claims brought under the Magnuson-Moss Warranty Act, then, for all intents and purposes, the entire intent of the act would be obviated. Manufacturer's opportunity to cure a defect, or non-conformity, would only be triggered when the manufacturers' assigned personnel had failed to keep the promise to cure defects under the warranty. In effect, customers could no longer claim that they had been subjected to an unreasonable number of repair attempts until after they had gone through numerous repairs by the dealer's repair facility and then experienced the same or similar failed repairs by the manufacturer's employees. In this venue, the statute and the administrative Rule 703, both assume the dealer service department and the manufacturer are, operationally, one and the same. Of course, they are not technically, or legally, the same for other purposes, but they are considered the same, in this limited context [i.e., dispute resolution of Warranty repair disputes under the governing federal law.].

CONCLUSION:

We again recommend that training personnel continue to advise participants at the onset of training sessions that all theoretical questions be written down and discussed with staff sometime after the essential regulatory and hearing mechanics have been addressed. The training material is highly technical in many respects and difficult enough for participants to fully absorb in one weekend without adding distractions that are not likely to be practically helpful to any of the trainees. In

refresher training, of course, questions that arise from actual situations were addressed and these discussions appeared to be useful.

We also recommend that arbitrator training include a discussion wherein trainers explain that dealer service departments are, in effect, agents of the manufacturers for purposes of the manufacturer carrying out their warranty obligations to cure non-conformities, and it is not a valid defense, in the NCDS proceedings for a manufacturer to claim that a dealer failed to properly repair, or cure, a non-conformity. Even if it is true that a dealer's service department performed an improper repair, or mis-diagnosed a problem, the responsibility under the Magnuson-Moss Warranty Act, is the manufacturers because the dealer's service department was selected by the manufacturer to carry out these responsibilities on their behalf.

The NCDS arbitrator training program is a valuable component of the arbitration process that operates in substantial compliance with the Magnuson-Moss Warranty Act and its corresponding Rule 703. We have observed many important additions to the national training program since 2002 and those have again been carried over into this year's program. The entire program clearly demonstrates a commitment to quality arbitrator training.

ARBITRATION TRAINING RATING SYSTEM

1) Adequacy of training materials	VERY GOOD
2) Accuracy of informational materials	VERY GOOD
3) Thoroughness of material	VERY GOOD
4) Quality of presentation	VERY GOOD
5) Apparent understanding and likely comprehension of the information	GOOD
6) Utility of materials for later referencing	EXCELLENT

SECTION V

National (FTC) Survey and Statistical Index Comparative Analyses

NATIONAL CENTER FOR DISPUTE SETTLEMENTAUTOMOTIVE WARRANTY PROGRAMPROGRAM INDICES

The Federal Trade Commission (FTC) regulates informal dispute resolution programs, such as those operated by the National Center for Dispute Settlement under FTC Rule 703.6(e). The rule mandates disclosure of statistics about the outcomes of warranty disputes and warrantor compliance with settlements and awards. The purpose of this section of the audit is to verify the statistics provided by the company for the calendar year.

A consumer who wants to have a dispute settled by the Automobile Warranty Arbitration Program (AWAP) conducted by the National Center for Dispute Settlement (NCDS) must: (1) be the owner of a vehicle that meets certain specific age and mileage requirements; and, (2) agree to forego any legal action while the case is open with the AWAP. If a customer applies to the program, but does not meet these requirements, the case is considered "out-of-jurisdiction." Cases that are "out-of-jurisdiction" are counted as "closed." A consumer who is not satisfied with the jurisdiction decision of the program can request that the case be reviewed by a three-member arbitrator board.

If a consumer, who files with the AWAP is able to reach an agreement with the automaker prior to an arbitration hearing, the dispute is said to have been "mediated" by the staff. If the consumer and the automaker cannot reach an agreement, the case is arbitrated by the AWAP. Arbitration cases can result in the granting of an award requiring the automaker to repair or replace the vehicle, to issue cash reimbursement, or to terminate the lease. On the other hand, the consumer may receive an adverse decision in which there is no award of any kind.

FTC regulations require arbitration decisions to be rendered within 40 days from the date the AWAP office receives the application. Manufacturers must comply with both mediated and arbitrated decisions within 30 days of the decision.

FTC Rule 703.6(e) requires warrantors to report statistics (also referred to as indices) in 13 areas. These include: the number of mediated and arbitrated warranty disputes in which the warrantor has complied with a settlement or award; the number of cases in which the warrantor did not comply; the number of decisions adverse to the consumer; the number of "out-of-jurisdiction" disputes; and the number of cases delayed beyond 40 days and the reasons for those delays.

To determine the accuracy of the AWAP's warranty dispute statistics and to gather evaluation information about the program, Claverhouse Associates contracted with the Office for Survey (OSR) of the Institute for Public Policy and Social Research (IPPSR) at Michigan State University to conduct a survey of consumers nationwide who filed disputes with the AWAP during the calendar year 2013.

The primary focus of the survey is to gather data to verify the statistics by comparing data collected from consumers to the statistics reported to the FTC by the AWAP. The question is not whether an individual's recollections match the data in the AWAP's records, but rather whether the aggregate proportions of consumers' recollections agree with the outcomes reported to the FTC.

In addition to containing questions to gather the information needed to verify the statistics, the questionnaire also contained items used to evaluate several aspects of the program and to measure customer satisfaction.

ABOUT THE STUDY

The Claverhouse study is based on data collected from 318 of the 1,084[1] users of the AWAP program nationally in 2013 whose cases were "in jurisdiction" and "closed." To achieve the research goal of obtaining 300 completed surveys nationally, surveys were sent to 600 randomly sampled users of the program[2]. Closed cases are defined as those where a decision has been made and the time for compliance has occurred.

The data were collected using both a web-based questionnaire and a mailed self-administered questionnaire. A web-based version of the questionnaire was programmed using Qualtrics Professional Academic web-based data collection software. Qualtrics allows for all types of question formats (i.e. single and multiple response, matrix, and limited and unlimited text) to be programmed. It also has a powerful survey notification tool and several security features.

The web-based survey notification system allows individualized, confidential links to be emailed to each respondent. It also allows information to be embedded in individual links unique to the respondent, which upon submitting the survey this data is recorded along with the respondent's answers to the questions. It also tracks who responds electronically and who does not so that email reminders are only sent to those who have not yet completed the questionnaire. The security system has custom settings that allow only one

[1] The database sent by the AWAP for conducting the survey contained 1,084 eligible cases. The AWAP provided a report with 1,656 cases. The cases in the AWAP indices break down as follows: 142 mediated cases (9 which the time for compliance had not occurred), 932 arbitrated cases (17 which the time for compliance had not occurred), 78 pending cases, and 504 "no jurisdiction" cases. **The data in this report is based on only the closed mediated and arbitrated cases – 133 mediated and 915 arbitrated cases for a total of 1,048.** There is still a discrepancy between the number of cases sent for conducting the survey (1,084) and the number of eligible cases in the statistics (1,048). The status of the 36 cases included in the AWAP report is unknown.

[2] Using a projected completion rate of 50%, a proportional random sample of 600 users of the program nationally was selected from the database of closed and in-jurisdiction cases supplied by the AWAP. The file sent by the AWAP contained 1,084 cases that met study criteria. A proportional sample should yield completed surveys from a population similar to the universe. The following table shows the breakdown of the universe of cases provided by the AWAP in which to draw the sample and the breakdown of completed cases in the Claverhouse sample. The Claverhouse sample is representative of the universe of cases filed in 2013 with the AWAP.

	Toyota	Lexus	Mitsubishi	Chrysler	Suzuki	Total
Claverhouse Sample	283 (89.0%)	20 (6.3%)	2 (0.6%)	9 (2.8%)	4 (1.3%)	318 (100.0%)
AWAP	896 (82.7%)	59 (5.4%)	31 (2.9%)	61 (5.6%)	37 (3.4%)	1,084 (100.0%)

response per unique identification number, email address, or IP address which virtually reduces the risk of respondents answering the survey several times thus skewing the results. Qualtrics also can be published through an SSL certificate, uses 128-bit data encryption to ensure that downloaded data, and all information remains confidential.

Nationally, 498 of the 600 randomly selected users of the program had an email address of which 491 were valid. All of these users were sent a pre-notification letter on March 5, 2014, informing them of the audit, the date in which they would receive an email, and to what address the email would be sent. The first email invitation was sent out on March 14, 2014. Reminder emails were sent out on March 20, 2014, March 26, 2014, April 1, 2014, and the final reminder was sent April 9, 2014.

Respondents with electronic contact information who had not yet completed the survey on-line were sent another letter on April 10, 2014, along with a paper copy of the survey explaining that several efforts had been made to reach them via email. The letter also asked them to either look for the email reminder and complete the survey electronically or complete the enclosed paper copy of the survey.

Of the 491 users with valid email addresses, 288 completed the survey on-line (280 using the embedded link from an email (57.0 percent). Another eight (8) respondents accessed the survey using the URL (uniform resource locator) in a letter they received.

To ensure that everyone selected had an equal opportunity to participate and to increase the overall response rate, OSR used a methodology designed by Professor Donald Dilman of the University of Washington, a nationally known expert in the field of survey research. His method involves an initial mailing of a cover letter, questionnaire, and postage paid envelope. Approximately one week after the initial mailing, a postcard thank-you/reminder is sent to everyone. Three weeks after the initial mailing, a second full mailing is sent to non-responders.

On March 17, 2014, a packet containing the questionnaire (which matched the electronic version of the survey exactly), a cover letter, and a postage-paid return envelope was sent to the 102 users of the AWAP program nationally in 2013 without electronic contact information and the seven (7) users whose email was invalid. The cover letter explained the purpose of the audit, why and how he or she was selected to participate, and how the results would be used. This letter also contained the URL to the web-based questionnaire giving the respondent the opportunity to complete the survey on-line.

It also explained his or her rights in the research process and provided contact information for OSR staff in case they had questions about the questionnaire or the survey process itself. The letter also contained information about the year, make, and model of the automobile selected for the audit. This information was provided to ensure that the consumer referred to the correct vehicle in the event they had filed more than one case with the AWAP program.

A week after the initial mailing (March 24, 2014), the combination thank-you/reminder postcard was sent to everyone who had received the initial mailing. This postcard also contained the electronic link.

Each person in the study was assigned a unique identification number for tracking purposes. This tracking number was used so that the second mailing could be sent to those who had not completed and returned their questionnaire by a specific date.

April 1, 2014, OSR mailed to those who had not yet returned their completed questionnaire another packet. This packet contained a different cover letter, which explained that OSR had not yet received their initial questionnaire and that their participation was important to ensure a complete and thorough audit. It also contained another questionnaire and a postage-paid envelope. Respondents were asked to return their completed questionnaire within one week of receiving it.

Data collection ended on April 15, 2014. In total, OSR received 288 surveys electronically and thirty completed self-administered questionnaires for 318. Those returned by mail were data-entered using the web-based software. The data was then outputted, proofed, and coded for data analysis. The competition rate for those receiving a hard copy of the survey was 25.0 percent.

A threat to the validity of a study is non-response bias. That is, if there is any systematic reason certain consumers are unavailable or chooses not to participate, the results can be biased. For example, if those who did not receive awards were more likely to refuse participation than those who did receive awards, the study would underestimate the percentage of decisions adverse to consumers. The practices of sending multiple email requests, postcard reminders, and second mailings to non-responders are attempts to increase overall completion rates and to reduce non-response bias.

The overall completion rate for this study is 53.0 percent and the margin of error is ±4.62 percent.[3]

Method of Resolution

Table 1 compares the method of resolution of disputes in the Claverhouse sample with the figures reported to the FTC. Since the Claverhouse survey contained only closed and in-jurisdiction cases, out-of jurisdiction cells in the Claverhouse section of the table are blank as are the cells representing pending cases and cases falling under the category

[3] This is the sampling error when the responses divide roughly 50-50 on a given question and when there are 318 cases, given a 95 percent confidence interval (i.e., there is a 1-in-20 chance that the actual proportion in the population falls outside the range of ±4.62 percent). The magnitude of the sampling error is determined primarily by sample size (a larger sample size yields a smaller sampling error) and also, to some extent, on how evenly responses are divided among alternative answers. For example, if the responses were divided 75-25 on a given question, the margin of error would be ±3.55 percent.

"resolved by the staff and time for compliance has not yet occurred." The subtotal (representing in-jurisdiction cases) is equal to total disputes.

The difference between the 16.4 percent of cases mediated in the Claverhouse sample and the 12.7 percent of cases mediated in the AWAP figures is not statistically significant. Likewise, the difference between the 83.6 percent of arbitrated cases in the Claverhouse sample and the 87.3 percent of arbitrated cases in the AWAP figures is also not statistically significant. Therefore, the statistics are in agreement.

Table 1

Method of Resolution of Warranty Disputes
Comparison between Claverhouse Survey and AWAP Indices

	Claverhouse		AWAP		
Resolution	Number	Percent	Number	Percent of in-jurisdiction closed cases	Percent of all cases
Mediation	52	16.4%	133	12.7%	8.0%
Arbitration	266	83.6%	915	87.3%	55.3%
Subtotal (in-jurisdiction)	**318**	**100.0%**	**1,048**	**100.0%**	**63.3%**
Out-of jurisdiction	-	-	504	-	30.4%
Resolved, time for compliance has not occurred	-	-	26		1.6%
Pending	-	-	78		4.7%
Total disputes	**318**	**100.0%**	**1,656**[4]	-	**100.0%**

Mediated Cases

FTC Rule 703.6(e) requires the reporting of the proportion of mediated settlements with which warrantors have complied, the proportion with which warrantors have not complied, and the proportion in which the period for compliance has not yet passed.

[4] See footnote 2 for an explanation of the number of cases being used in the report.

Since the universe of cases for the Claverhouse surveys only includes closed cases, cases in which the compliance period has not yet passed are not included in the research.

Table 2 compares the outcomes of mediated disputes.

Table 2
Outcomes of Mediated Settlements
Comparison between Claverhouse Survey and AWAP Indices

Mediated Settlements	**Claverhouse**	**AWAP**
	Percent (Number)	Percent (Number)
Resolved by staff of the mechanism and warrantor has complied.	100.0% (51)	99.2% (132)
Resolved by staff of the mechanism and time for compliance has occurred and warrantor has not yet complied.	0.0% (0)	0.8% (1)
Total Mediated Cases	**100.0% (51)**	**100.0% (133)**

The survey data shows that the manufacturer complied with 100.0 percent of mediated cases within the timeframe specified in the agreement. AWAP indices show that the AWAP complied with 99.2 percent of mediated cases within the timeframe specified in the agreement. The statistics "**resolved by the staff of the mechanism and warrantor has complied**" and "**resolved by the staff of the mechanism and time for compliance has occurred, and warrantor has not complied**" fall within the margin of error and are in agreement.

It is important to note, that AWAP indices include cases for which the time for compliance has not occurred. The indices show nine mediated cases in this category. Since only closed cases are used in the Claverhouse study, this statistic cannot be compared. If these cases were included, the breakdown of AWAP cases would be 93.0 percent complied, 0.7 percent warrantor has not complied, and 6.3 percent resolved and time for compliance has not occurred.

Respondents were also asked about the specific outcome of their cases. Table 3 shows their responses.

Table 3
Specific Outcomes of Mediated Settlements
Claverhouse Survey 2013

Outcome	Number	Percent
Ordered a partial refund (buyback)	17	32.7%
Ordered extended warranty	13	25.0%
Ordered additional repairs	10	19.2%
Ordered other (respondent did not specify)	6	11.5%
Ordered a replacement vehicle	5	9.6%
Dismissed the claim	1	1.9%
Total	**52**	**100.0**[5]

When asked if they pursued their cases any further, 15.1 percent of the respondents indicated that they had done so. Of the respondents who indicated, they had pursued their cases further:

- An equal percentage of respondents, 27.3 percent respectively, contacted a state government agency, re-contacted the AWAP, and/or used an other unspecified method.
- 9.1 percent contacted an attorney and the same percentage contacted the automaker or dealership to work out a solution.
- Only respondents whose settlement was additional repairs, an extended warranty, or did not specify their settlement pursued their cases further. Those whose settlements were additional repairs were the mostly likely to purse their cases.

Respondents were then asked if they recalled talking to an AWAP staff member or returning a postcard to the AWAP about their settlement and how their case was handled. Overall 75.0 percent indicated that they had followed up with the AWAP in some manner, 36.5 percent recalled talking to a staff member 17.3 percent returned the postcard, and 21.2 percent said that they did both.

- Of those who **did not** follow-up with the AWAP after their case was settled, 38.5 percent had received additional repairs, 30.8 percent received a partial refund, 23.1 percent received a settlement but did not directly indicate the specific settlement, and 7.7[6] percent received an extended warranty.

[5] Due to rounding, actual percentages in this table add to 99.9%. For ease of reading, all percentages in tables are totaled at 100.0%.
[6] Due to rounding, actual percentages add to 100.1%.

- All possible settlement outcomes including the claim being dismissed followed up with those receiving either a partial refund or an extended warranty most likely to do so.

There are statistically significant differences in whether respondents followed-up by case type. These differences are shown in **Figure 1**.

Arbitrated Cases

Before the questionnaire presented detailed questions about the outcomes of their arbitrated cases, respondents were asked several questions about the process leading to their hearings.

Respondents were first asked whether they remembered receiving the forms in which their claims were stated. Of the respondents who reported arbitration as the means for resolving their case, 92.1 percent said that they recalled receiving the forms. Respondents were also asked a question about how accurately they felt the forms stated their **claim** – 38.4 percent said very accurately; 39.7 percent said somewhat accurately; and 21.9 percent said not very accurately or not at all accurately.

How accurately the respondent felt their case was stated is closely related to whether or not the respondents received an award in the arbitration process. **(See Figure 2)**

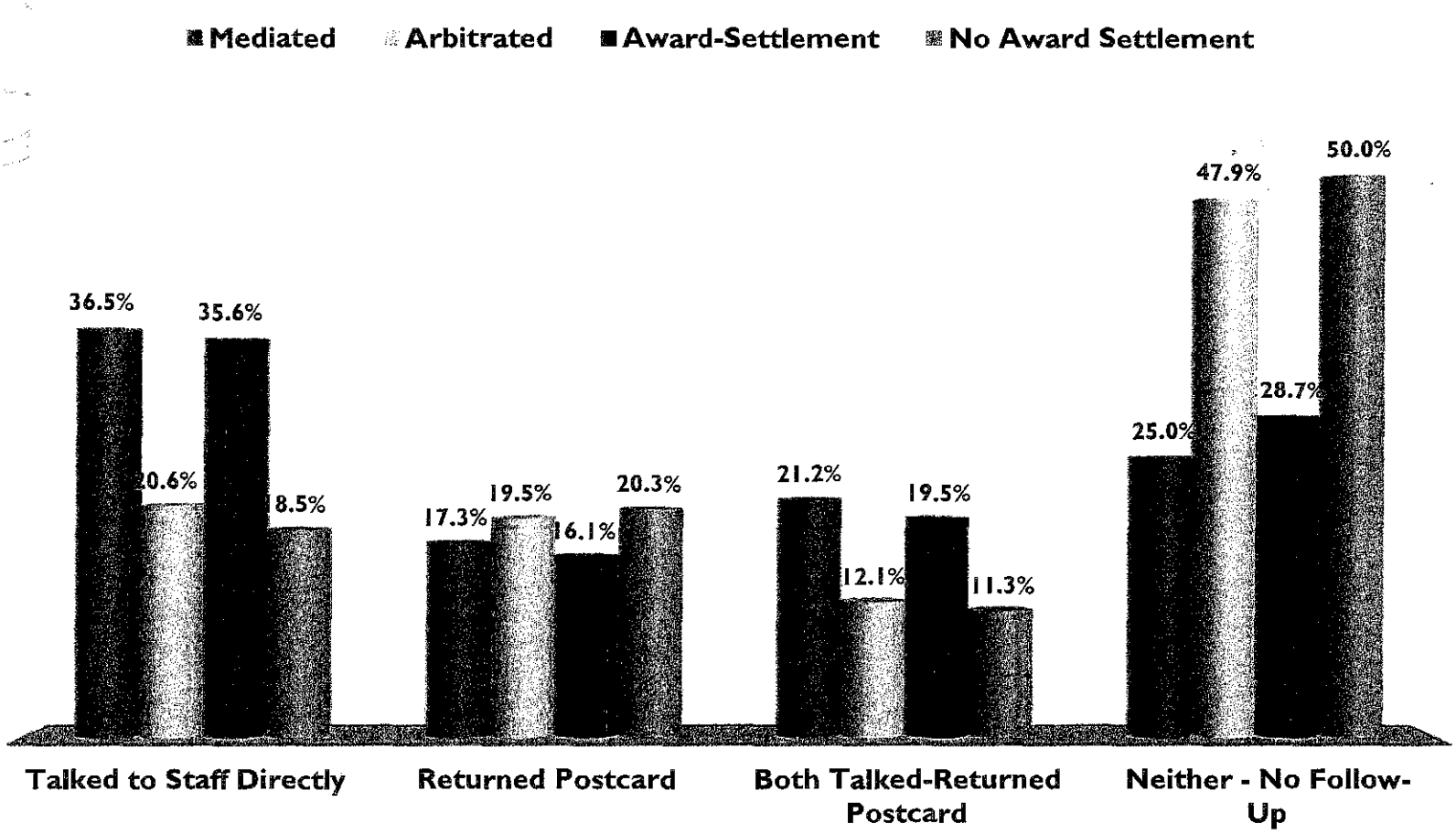
Respondents were then asked whether they had been notified of the time, place, and date of the arbitration hearing. Of those who answered this question, 96.1 percent said they had been notified (or were aware) of the hearing. Only 3.9 percent said they received no notification. Of those who were aware of the hearing:

- 70.5 percent attended their hearing in person, 3.7 percent said that they participated in the hearing by phone, and 17.6 percent said that they chose the document only hearing. Only 8.2 did not attend the hearing.

Those who **did not** attend their hearing were asked for the reason why they did not. The reasons given were the hearing conflicted with work or other personal obligations (47.1 percent), the location of the hearing was inconvenient (47.1 percent), and the claimant was unaware that attending was an option (5.8 percent).

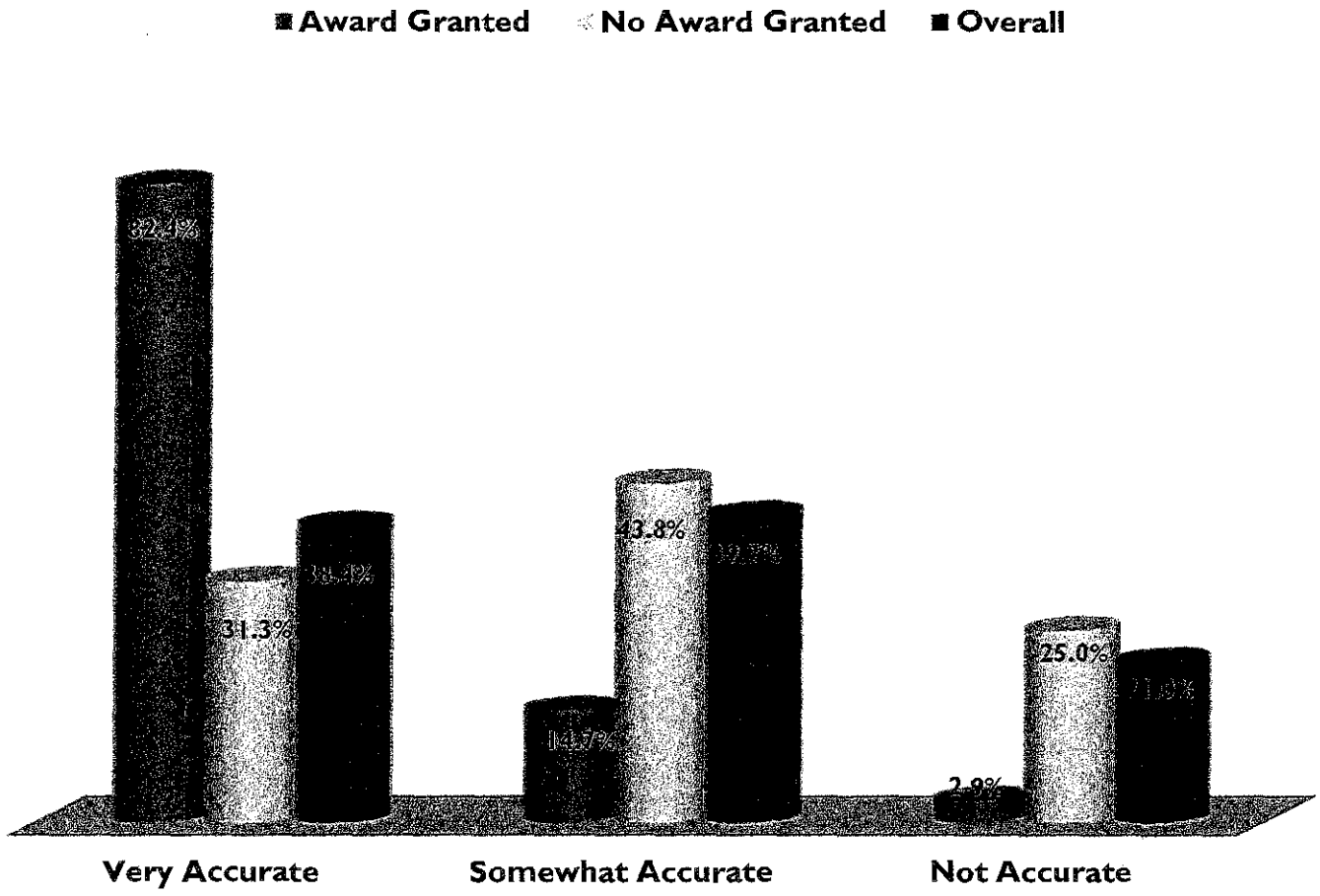
Does the choice of the type of hearing or does attending the hearing have any effect on the outcome of a case? There is statistically significant difference in whether an award was granted based on how or if a claimant participated in the hearing. These results are shown in Table 4.

Figure 1. Follow-up with AWAP Post Decision by Case Type and Outcome



AWAP National - 2013

Figure 2. Accuracy of Claim Forms Correlated with Whether an Award Was Granted



AWAP National - 2013

Table 4
Outcome Based on Hearing Attendance
Claverhouse Survey 2013

	Attend Hearing/Meeting Person	Attend Hearing/Meeting Phone	Document Only	Did Not Attend	Total
Award Granted	15.1% (26)	0.0% (0)	20.0% (4)	14.3% (6)	14.8% (36)[7]
No Award Granted	84.9% (146)	100.0% (9)	80.0% (16)	85.7% (36)	85.2% (207)
Total	**100.0% (172)**	**100.0% (11)**	**100.0% (20)**	**100.0% (42)**	**100.0% (243)**

FTC Rule 703.6(e) 4-7 requires warrantors to report the proportion of arbitration decisions with which they have complied, the proportion with which they have not complied, and the proportion for which the date of compliance has not yet passed. They must also report the proportion of decisions adverse to the consumer.

Table 5 presents the data about the outcomes of arbitrated cases.

[7] Cases where the respondent did not indicate whether they attended the hearing are not included in these statistics.

Table 5
Outcomes of Arbitrated Cases
Comparison between Claverhouse Survey and AWAP Indices 2013

Outcome	Claverhouse Percentage (Number)	AWAP Percentage (Number)
Arbitration – Award Granted and Accepted		
Case decided by board and warrantor has complied	14.7% (39)	8.7% (80)
Case decided by board and warrantor has not complied	0.4 % (1)	0.1% (1)
Case decided by board and time for compliance not passed	NA	NA
Total award granted and accepted	**15.1% (40)**	**8.8% (81)**
Arbitration Decision adverse to consumer	85.0% (226)	91.2% (834)
Total arbitrated decisions	**100.0% (266)**[8]	**100.0% (915)**

The statistics "**case decided by board and warrantor has complied**" and "**decision adverse to consumer**" are in **not** agreement because the difference falls outside of the margin of error of ±4.62 percent. The statistic "case decided by the board and warrantor has **not** complied" is in agreement.

These differences should not be of great concern since the **difference favors** the consumer and not the AWAP. Respondents in the Claverhouse sample reported a higher level of compliance, 14.7 percent compared to 8.7 percent, than the AWAP indices show. They also reported a lower percentage of adverse decisions, 85.0 percent compared to 91.1 percent, than the AWAP. The difference in these statistics can in part be attributed to non-response bias (as explained earlier in this report) in that those with an unfavorable outcome may have been less likely to participate than those with favorable outcomes.

All respondents reported accepting what was awarded to them in the arbitration process. Eighty percent (80.0 percent) of respondents indicated that they had received their award within the time period specified in their decision and 17.5 reported receiving their award but not within the time frame. Only 2.5 reported not receiving their award. Table 6 details the awards respondents reported receiving from their arbitration hearings.

[8] Due to rounding, actual percentages in this table add to 100.1%. For ease of reading, all percentages in tables are totaled at 100.0%.

Table 6
Specific Outcomes of Arbitrated Cases
Claverhouse Survey 2013

Award	Number	Percentage
Ordered a partial refund (buyback)	22	56.4%
Ordered additional repairs	8	20.5%
Ordered a replacement vehicle	8	20.5%
Ordered or recognized a trade assist	1	2.6%
Total	**39**	**100.0%**

All respondents whose cases were arbitrated were asked whether they had pursued their cases further after the arbitration decision, and 30.5 percent indicated that they had pursued their cases further. Table 7 shows by what means they pursued their cases. Respondents could select multiple answers therefore, the number of responses, (92) is greater than the number of respondents (79).

Table 7
Methods of Pursuing Arbitrated Cases
Claverhouse Survey

Method	Number	Percent
Contacted Attorney	23	25.0%
Re-contacted AWAP (NCDS)	23	25.0%
Worked Out Solution Dealer/Manufacturer	22	23.9%
Contacted state/government agency	19	20.7%
Other method	5	5.4%
Total	**92**	**100.0%**

When looking at which users pursued their cases, the data show that:

- Overall 13.2 percent of respondents who were **granted** an award chose to pursue their cases further. Of this group, 80.0 percent only pursued their case with one source.
    - 33.3 percent contacted the dealer or manufacturer in the hopes of reaching a different solution. The same percentage of respondents (33.3 percent) indicated they contacted the AWAP.

- 16.7 percent contacted an attorney and 16.7 percent contacted a state government agency.

- Of those who were **not granted** an award, 33.5 percent indicated that they chose to pursue their case further. Within this group, 85.1 percent pursued their case with one source, 13.5 percent with two, and 1.4 percent with three. Respondents were fairly evenly split among how they chose to pursue their case.

    - The most common method among this group was contacting an attorney, 25.6 percent; closely followed by re-contacting the AWAP, 24.4 percent; contacting the manufacturer or dealer, 23.3 percent; and contacting a state government agency, 20.8 percent.

    - A small percentage (5.4 percent) indicated another method but did not specify the method.

Respondents were then asked if they followed up with the AWAP by talking directly to the staff or returning a postcard after their arbitration case was closed. Close to half, 47.9 percent said they **did not** follow up with the AWAP in any way.[9] Of the remaining respondents:

- 20.6 percent said they only talked with a staff member, 19.5 percent said they only returned the postcard, and 12.1 percent said they did both.

- Most respondents who received an award, 66.7 percent, followed up with the AWAP in some manner, with most (36.1 percent) talking directly to the staff.

- Those who **did not** receive an award were less communicative with the AWAP with 50.2 percent reporting no follow-up in any manner.

Delays to Arbitration Decisions

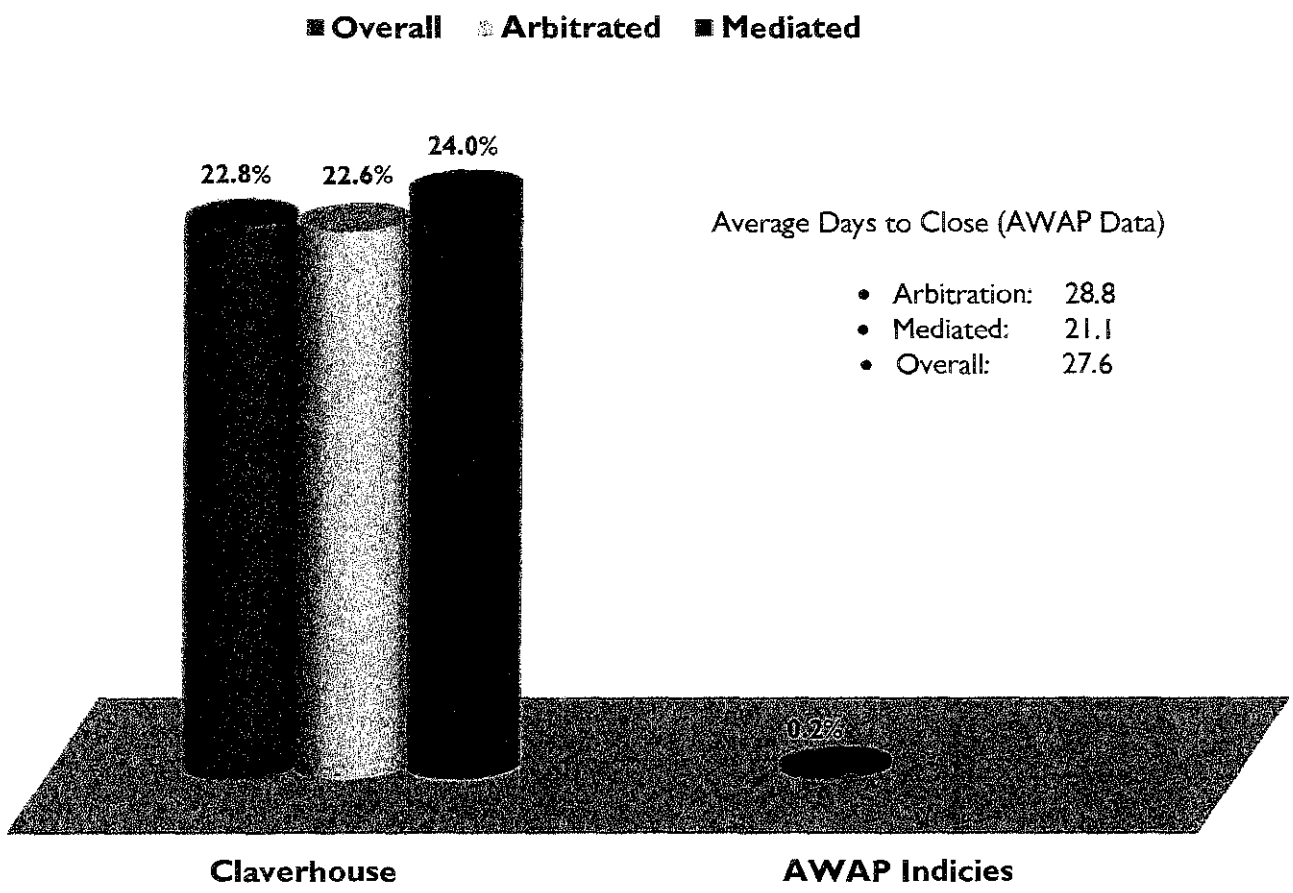
Under FTC Rule 703.6(e) 9-13, warrantors must report the proportion of cases in which arbitration cases were delayed beyond the 40 days allocated for arbitration decisions. The AWAP reports the reasons for such delays in three categories:

(1) Consumer made no attempt to seek redress directly from the manufacturer
(2) Consumer failed to submit required information in a timely manner
(3) All other reasons

AWAP indices report that less than one percent (0.2 percent) of the closed, in-jurisdiction cases was settled beyond 40 days, whereas 22.8 percent of survey respondents reported their cases were settled beyond 40 days. There are also differences by type of case. **(See Figure 3)**

[9] See Figure 1 for additional information

Figure 3. Percentage of Cases Delayed Beyond 40 Days Overall and by Case Type



Average Days to Close (AWAP Data)

- Arbitration: 28.8
- Mediated: 21.1
- Overall: 27.6

The difference is statistically significant, but should not be of great concern. We can attribute this to error in recall and reporting on the part of the respondents.

Respondents are asked to recall very specific information about an event that may have occurred a year or more ago. When asked for the date in which their case was opened:

- Only 26.9 percent of the respondents were able to provide a full open date (i.e. month, day, year), 13.9 percent were able to give a partial date (i.e., month and year), and 59.2 percent were unable to provide any dates.

Survey respondents' recollections on when their cases were closed were similar:

- 22.7 percent were able to give a full date, 15.5 percent a partial date and 61.8 percent gave no date at all.

Because Qualtrics software allows actual case data to be recorded as part of respondents' answers to the other questions in the survey, the opened and closed dates for individual cases that were provided by the AWAP were recorded as part of the dataset for those who completed the survey. With this information, two levels of analyses can be done. First, the dates the respondents gave can be verified for accuracy:

- Only18.9 percent of respondents provided an opened date that matched AWAP records. They were even less successful in providing a closed date that matched AWAP records, with only 14.8 percent being able to do so.

- Of those who gave both a correct opened and a correct closed date (11.6 percent), only 2.8 percent indicated that their case was delayed beyond 40 days, which falls well with within the major of error.

Second, using the "date difference" command in SPSS, the actual number of days a case was opened can be calculated.

- The average number of days a case was opened was 27.6, with a minimum of five (5) days and a maximum of 41.
- Of those who claim their case was delayed, the average number of days the case was in fact opened was 27.7. For those who said no, the average number of days was 27.5.

The difference in this statistic can be attributed mainly to two factors: error in recall and reporting.

- The above analysis indicates that respondents are not using documentation to determine whether their cases were indeed delayed and are relying on memory or guesswork.

- The user may not be using the same criteria for when a case is considered "opened" and "closed" as does the AWAP. The AWAP considers a case opened when the forms are received in the office and processed. Consumers, on the other hand, may see their cases as having been opened when they first contacted the AWAP, when they mailed the forms, or even when they first began to experience problems with the vehicle. Similar considerations apply to when a case was closed, especially if the case had a negative outcome or there was a delay in delivering the award.

It is also interesting to note that 43.3 percent of all respondents who said their case was delayed indicated that they were satisfied to some degree with the AWAP in the area of promptness.

For these reasons, the statistical difference between the AWAP indices and the Claverhouse data should not be a cause for concern.

There is also a statistical difference between the Claverhouse data and the AWAP indices for the reasons for the delays. The results are shown in Table 8.

Table 8
Reason For Delays Beyond 40 Days
Comparison between Claverhouse Survey and AWAP Indices 2013

Reason for Delay	**Claverhouse**	**AWAP**
	Percentage (Number)	**Percentage (Number)**
Consumer failure to submit information in a timely manner	4.4% (3)	0.0% (0)
Consumer had made no attempt to seek redress directly from warrantor	11.8 % (8)	0.0% (0)
Decision delayed beyond 40 days for any other reason	83.8% (57)	100.0% (2)
Total arbitrated decisions	**100.0% (68)**	**100.0% (2)**

Again, due to reasons mentioned above regarding recall and reporting, this discrepancy should not be of concern.

Consumer Attitudes Toward the AWAP's Informal Dispute Settlement Procedures.

At the beginning of the questionnaire, respondents were asked how they had learned about the Automobile Warranty Arbitration Program. The responses are summarized in Table 9.

Table 9
How Consumers Learned about AWAP Availability
Claverhouse Survey 2013

Sources of Information	Number	Percent
Owner's Manual/Warranty Information	116	28.2%
Automaker Customer Complaint Toll-Free	114	27.7%
A Dealership	99	24.1%
Internet, Website	26	6.3%
Friends, Family, Co-Workers	15	3.6%
Brochures, Literature, Pamphlets	15	3.6%
Attorney/Lawyer/Government Agency	10	2.4%
Previous Knowledge of the Program	10	2.4%
State Government Agency	6	1.5%
Total	**411**[10]	**100.0%**

There are differences in how respondents learned about the program by the method of how their case was settled:

- The most common source of information for those with mediated was the automakers customer service telephone number, 38.1 percent. The next most frequently mentioned source was the owner's manual or warranty information, 28.6 percent, followed by the Internet or AWAP website, 14.3 percent. No one reported having previous knowledge of the program or using brochures, literature, or pamphlets as a source.

- Users whose cases were arbitrated used all the above-mentioned sources to learn about the program with most indicating the owner's manual or warranty information (28.2 percent), the dealership (26.4 percent), and the customer complaint toll-free number (25.9 percent).

Those who reported that they had learned about the program through the dealership or the automaker were asked additional questions about the means in which they were informed of the program. Table 10 shows those results.

[10] Because respondents could indicate more than one source, the percentages are based on number of responses (411), not the number of respondents answering the question (317).

Table 10
Method Learned About Program from Dealer or Manufacturer
Claverhouse Survey

Method	Number	Percent
Talked about the program	174	74.1%
Given information to read about the program	52	22.1%
Other methods	6	2.6%
Shown or saw a poster	3	1.3%
Total	**235**[11]	**100.0%**

Survey respondents were also asked about how they received program information and how easy or difficult the program informational materials and complaint forms they received were to understand. Most, 73.0 percent indicated they received the program information by mail, while 27.0 percent used the internet to access this information.

Of those who said they received the materials, 44.5 percent reported the **informational materials** were very clear and easy to understand; 44.8 percent said the materials were a little difficult, but still fairly easy to understand, and 10.7 percent said that the materials were difficult or very difficult to understand.

When asked about the **complaint forms**, 52.2 percent said they were very clear and easy to understand; 40.8 percent said a little difficult but still fairly easy to understand; and 7.0 percent said they were difficult or very difficult to understand.

Respondents were very consistent in their ease of understanding both forms of information:

- 78.0 percent of respondents who found the informational materials easy to understand also found the complaint forms easy to understand.

- 86.4 percent of respondents who found the informational materials difficult to understand also found the complaint forms difficult to understand as well.

Ease of understanding the materials, both the informational materials and the complaint forms, is also highly correlated with the type of case and outcome of the case. Those with mediated cases were slightly more likely to find the information materials and the

[11] Because respondents could indicate more than one method, the percentages are based on number of responses (235), not the number of respondents (187) answering the question. Due to rounding, actual percentages in this table add to 100.1%. For ease of reading, all percentages in tables are totaled at 100.0%.

complaint forms easier to understand than those with arbitrated cases as did those who were granted awards in the arbitration process. **(See Figure 4)**

Respondents were then asked to rate their satisfaction with the AWAP staff in three areas as well as their overall satisfaction with the AWAP program:

- Objectivity and fairness
- Effort
- Promptness

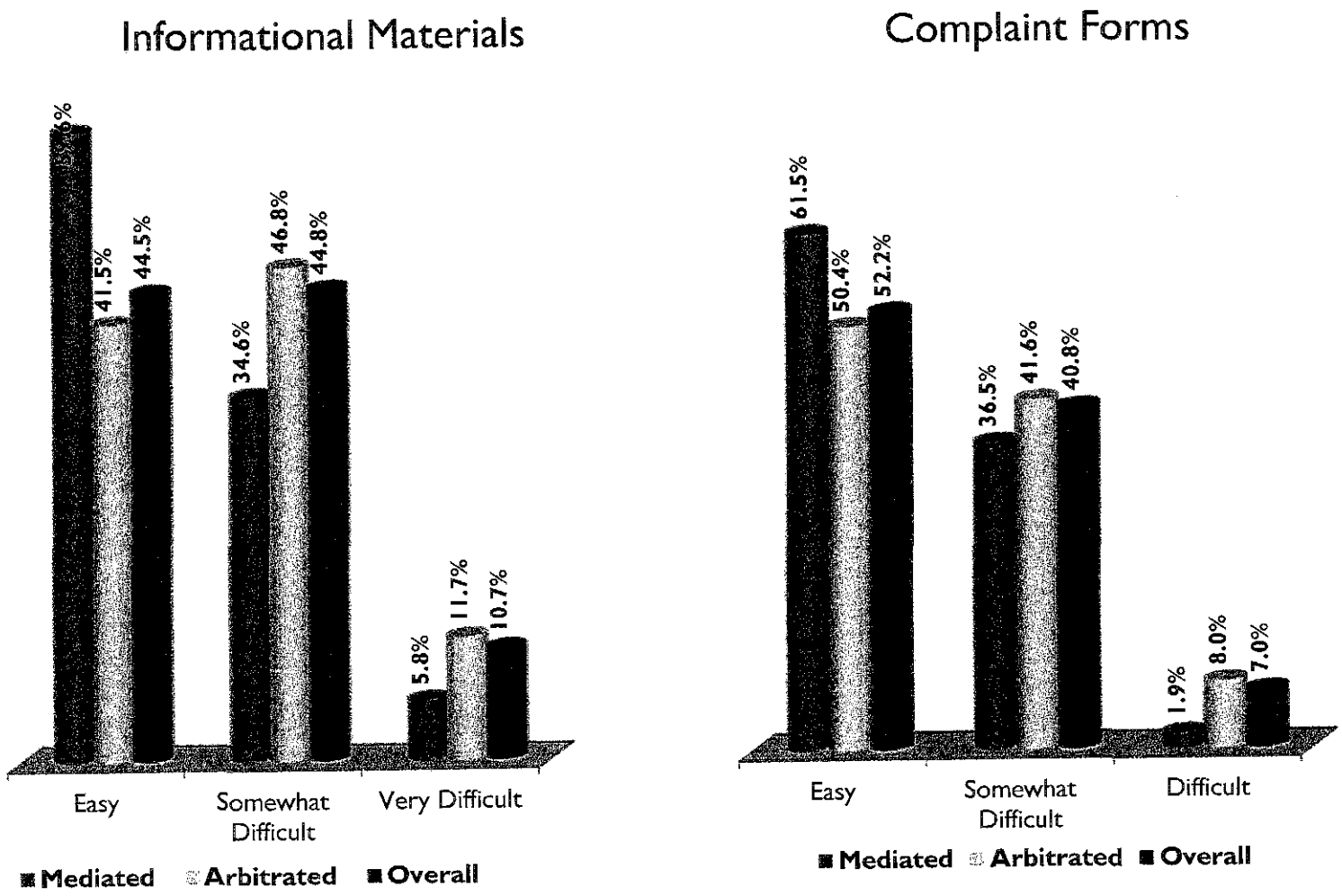
The respondents were asked to rate each item using a six-point scale. Using a scale with an equal number of data points eliminates an exact midpoint so respondents are not drawn to the "middle" or neutral category. This type of scale is better for computing means (or averages) as a way to gauge satisfaction or dissatisfaction with the program. For these items, the closer the mean is to 1.00, the higher the level of satisfaction. The closer the mean is to 6.00, the higher level of dissatisfaction. Table 11 reports the results in percentages.

Table 11
Survey Respondents' Ratings of AWAP Staff by Percentage
Claverhouse Survey 2013

Performance Item	Level of Satisfaction						
	Satisfied			Dissatisfied			
	Very (1)	(2)	(3)	(4)	(5)	Very (6)	Total
Objectivity and fairness	16.4% (44)	7.8% (21)	9.3% (25)	8.6% (23)	15.2% (41)	42.8% (115)	100.0% (269)
Efforts to assist you in resolving your complaint	12.9% (36)	16.1% (45)	12.5% (35)	12.5% (35)	10.0% (28)	35.8% (100)	100.0% (279)
Promptness in handling your complaint during the process	19.6% (59)	25.9% (78)	17.3% (52)	13.0% (39)	7.6% (23)	16.6% (50)	100.0% (301)
Overall rating of the program	14.3% (39)	11.4% (31)	8.8% (24)	11.4% (31)	17.2% (47)	37.0% (101)	100.0% (273)

Of the three areas, users of the program gave the **highest** satisfaction rating in the area of **promptness**, with 62.8 percent, saying that they were more satisfied than dissatisfied in this area, with 19.6 percent indicating they were very satisfied. On the opposite end of the scale, only 16.6 percent said they were very dissatisfied in this area.

Figure 4. Ease of Understanding Informational and Complaint Forms by Case Type



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The **lowest** level of satisfaction was in the area of **objectivity and fairness** with only 33.5 percent of respondents giving a satisfaction rating between one (1) and three (3) with only 16.4 percent indicated that they were very satisfied (a rating of 1). On the reverse end of this scale, 66.5 percent indicated that they were dissatisfied to some degree in this area with 42.8 percent percent being very dissatisfied (a rating of six (6)). This area was the highest level of dissatisfaction among the three areas rated.

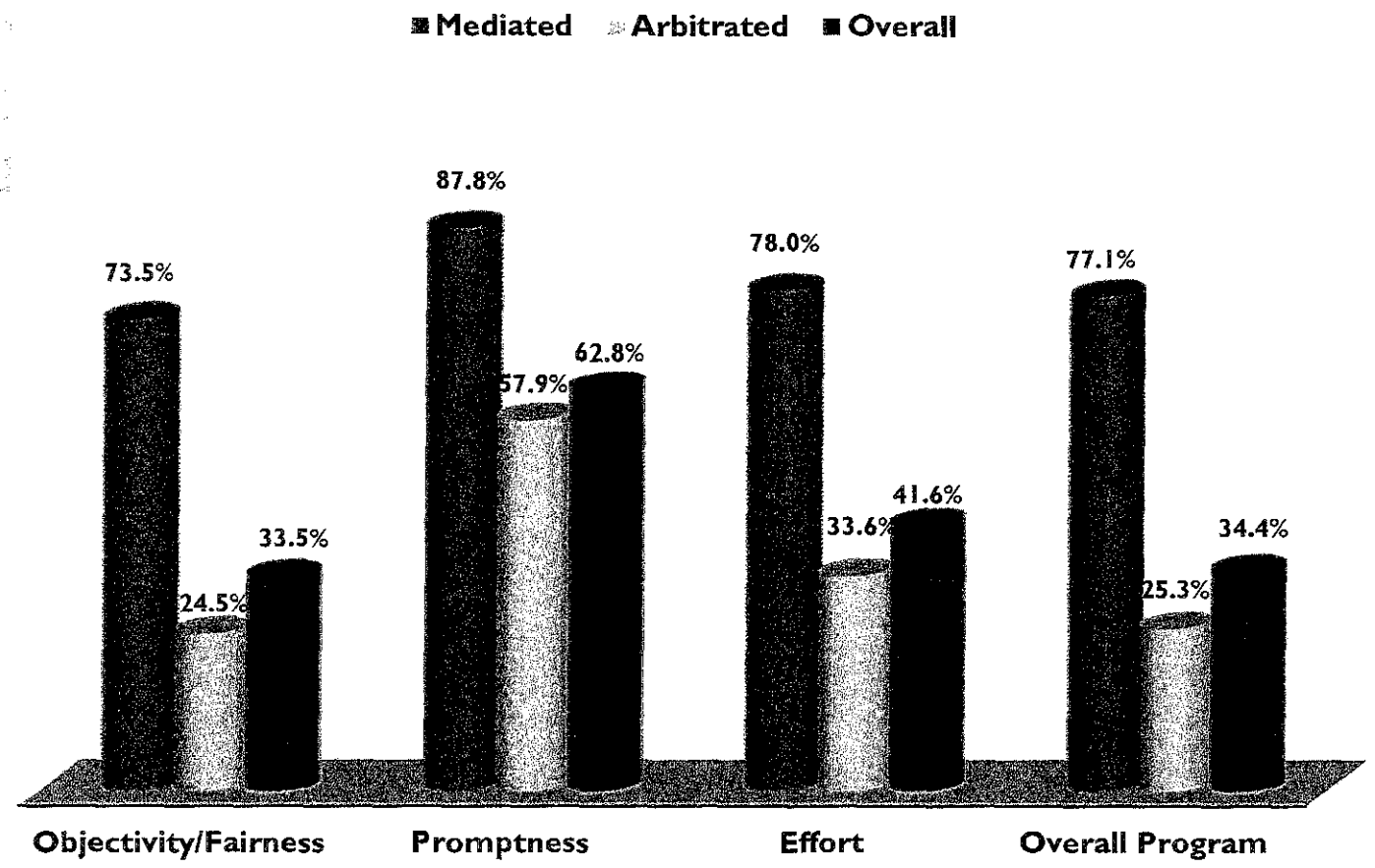
Respondents also did not give favorable ratings to the AWAP in the area of **effort** to assist in resolving the complaint. When asked to give a rating in this area, only 41.6 percent gave a rating falling within the satisfaction range (1-3) with only 12.9 percent indicating that they were very satisfied (1) – the lowest very satisfied rating across the three areas. Over half, 58.2 percent, indicated they were dissatisfied with the program with 35.8 percent saying they were very dissatisfied.

Overall, only 34.4 percent indicated they were satisfied with the AWAP program with only 14.3 saying they were very satisfied. Of the 65.6 percent who indicated they were dissatisfied with the program, 37.0 percent said they were very dissatisfied.

The level of satisfaction and dissatisfaction differs greatly among case type and outcome. These results are shown in **Figure 5.**

Another approach to gauging satisfaction among these items is to compare means across the items and across different groups. The closer the mean value is to 1.00, the greater the level of satisfaction and the closer the mean value is to 6.00, the greater the level of dissatisfaction. The table below (Table 12) shows the overall mean for each item as well as a comparison of the means by type of case. As Table 12 shows, the type of case is an important part in consumers' satisfaction with the program. Comparisons that are more detailed are shown in **Figure 6**.

Figure 5. Respondents Satisfaction with Program Aspects by Case Type*



*Data has been recoded: Values 1-3, Satisfied, Values 4-6 Dissatisfied

Figure 6. Mean Comparisons of Satisfaction Index by Case Type and Outcomes

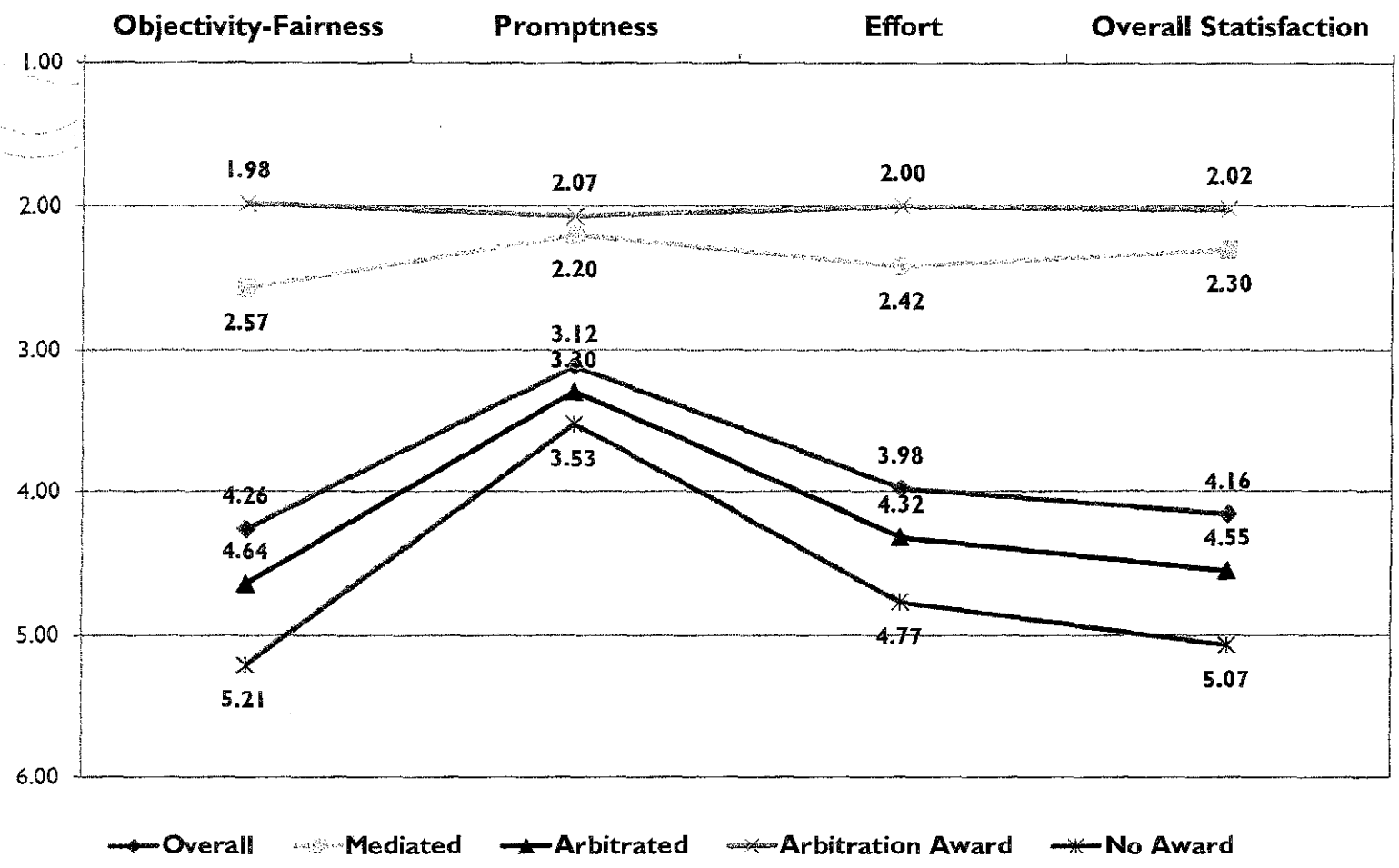


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Table 12
Survey Respondents' Ratings of AWAP Staff Means Comparison
Claverhouse Survey 2013

Performance Item	Mean	Median	Mode	Std. Deviation
Objectivity and fairness	4.26	5.00	6	1.918
Promptness in handling your complaint during the process	3.12	3.00	2	1.722
Efforts to assist you in resolving your complaint	3.98	4.00	6	1.864
Overall rating of the program	4.16	5.00	6	1.861[12]

Another measure of consumers' satisfaction or dissatisfaction with the AWAP program is whether or not they would recommend the program to others. Overall, 24.2 percent said that they would recommend the program to others, 51.9 percent said they would not, and 23.9 percent said that it would depend on the circumstances. Table 13 shows these results.

Table 13
Would Consumer Recommend the AWAP Program to Others?
Claverhouse Survey 2013

Method of Resolution and Outcome	Yes	No	Depends on Circumstances
Mediated	52.0% (26)	12.0% (6)	36.0% (18)
Arbitrated	18.9% (50)	59.5% (157)	21.6% (57)
Award Granted	77.5% (31)	7.5% (3)	15.0% (6)
No Award Granted	8.8% (20)	68.1% (132)	23.0% (52)

[12] The **mean** is the average and is computed as the sum of all the observed outcomes from the sample divided by the total number of events. The **median** is the middle score. The **mode** of a set of data is the number with the highest frequency. The **standard deviation** describes how spread out the data is. If the data all lies close to the mean then the standard deviation will be small. If the data is spread out over a large range of values, the standard deviation will be larger.

Finally, survey respondents were given an opportunity to make comments and suggestions about AWAP program changes or improvements. These comments are summarized in Table 14.

Table 14
Consumer Suggestions for Program Improvement
Claverhouse Survey 2013

Suggestion	Number	Percent
Bias Arbitrators/Arbitrators Favor AWAP	126	38.3%
Better Review Complaint/Problems by Staff/Arbitrators	37	11.2%
Dealers/Manufacturers More Responsive to Consumers/Complainants	37	11.2%
Did Good Job/Pleased/No Complaints	23	7.0%
Better/ More Knowledgeable Mechanics/Review Staff	21	6.4%
Allow More Information/History of Problems in Complaint	20	6.1%
Fair/Equitable Settlements/Awards	15	4.6%
More Communication/Contact/Interaction Arbitrators Staff	13	4.0%
Better Follow-up/Enforcement of Awards/Settlements	10	3.0%
Make Program More Well Known/ Advertising	8	2.4%
More/ Better Representation at Hearings	7	2.1%
Quicken Process/ Speedier Decisions	6	1.8%
Need More Program Locations	4	1.2%
Electronic, On-Line, Email Communication/Forms	2	0.6%
Total	329[13]	100.0%

There are differences in how respondents felt about the program by the method of how their case was settled:

- The most common response for those with mediated cases was "did a good job/no complaints" (21.7 percent).
    - Suggestions for improvement among this group were: "Fair/equitable settlements/awards," 17.4 percent, "make program more well-known/more advertising," 15.2 percent, and "quicken process/speedier decisions," 10.9 percent.

[13] Responses to this question were collected as open-ended comments, and then coded into response categories. The table is based on responses (329) not respondents (251).

- The most common suggestion for improvement or comment about the program for those whose cases were arbitrated was "bias arbitrators/arbitrators favor the AWAP" with close to half, 43.8 percent, making this comment.

    - Only 4.6 percent whose cases were arbitrated said, "did a good job/no complaints." Only 44.8 percent who were granted an award gave this response.

    - Among those granted an award, the top suggestion was "better follow-up/enforcement of awards/settlements."

CONCLUSIONS

On the basis of the comparison of the Claverhouse survey results with the AWAP national indices, it is concluded that the AWAP indices are in agreement in all but four areas, none of which should raise concerns about the program or how the program is administered. The differences are: "case decided by board and warrantor has complied," "arbitration decision adverse with consumer," "case delayed beyond 40 days," and "reasons for delays beyond 40 days."

For the statistics dealing with arbitration decisions, the differences should not be cause for concern since both of the differences favor the consumer and not the program. The difference may also be attributed to non-response bias in that those who were granted awards and accepted them are probably more likely to participate than those who were not granted anything by the AWAP.

The other difference between the survey results and AWAP indices is the proportion of arbitrated cases delayed beyond 40 days. Again, this difference should not be cause for concern. The difference can be attributed to respondent error in recall and in reporting. This is substantiated by the facts detailed earlier in this report. There is also a statistical difference in the reasons for the delays.

It is concluded that the AWAP indices are in agreement with the Claverhouse survey for the majority of the indices, and for those that are not, it is not to be a cause for concern because the differences do not indicate that the program is improperly collecting or reporting program statistics.

SECTION VI

Audit Related Regulatory Requirements

REQUIREMENT: **§ 703.7 (c)(3)(I)**

> A report of each audit under this section shall be submitted to the Federal Trade Commission, and shall be made available to any person at reasonable cost. The Mechanism may direct its auditor to delete names of parties to disputes, and identity of products involved, from the audit report.

A copy has been supplied to the Federal Trade Commission consistent with this requirement.

REQUIREMENT: **§ 703.7 (d)**

> Auditors shall be selected by the Mechanism. No auditor may be involved with the Mechanism as a warrantor, sponsor or member, or employee or agent thereof, other than for purposes of the audit.

The audit was conducted consistent with this requirement.

SECTION VII

Appendix/Codebook

CODEBOOK

AWAP 2013 -National
318 Cases

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OPEN__MONTH	Dates: Month-Open Date:	4
OPEN__YEAR	Dates: Year-Open Date:	4
CLOSED__DAY	Dates: Day-Closed Date:	5
CLOSED__MONTH	Dates: Month-Closed Date:	6
CLOSED__YEAR	Dates: Year-Closed Date:	6
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CASEID CASE IDENTIFICATION NUMBER

318 cases (Range of valid codes: 1-318)

Data type: numeric
Record/columns: 1/522-524

Q3_1_1 Make-Model-Year: Year

%	N	VALUE	LABEL
0.0	0	1	2005
0.0	0	2	2006
0.0	0	3	2007
1.3	4	4	2008
1.9	6	5	2009
5.3	17	6	2010
16.0	51	7	2011
43.4	138	8	2012
30.5	97	9	2013
1.6	5	10	2014
100.0	318 cases		

Data type: numeric
Record/columns: 1/9-16

Q3_2_1 Make-Model-Year: Make

%	N	VALUE	LABEL
0.0	0	1	Accura
2.8	9	2	Chrysler
0.0	0	3	Honda
0.6	2	4	Mitsubishi
6.3	20	5	Lexus
0.0	0	6	Porsche
1.3	4	7	Suzuki
89.0	283	8	Toyota
100.0	318 cases		

Data type: numeric
Record/columns: 1/17-24

Q3_3_1_1_TEXT Make-Model-Year: Model

%	N	VALUE	LABEL
0.3	1	200	
0.3	1	200 CTH	
0.3	1	4 X 4 TUNDRA	
0.3	1	4 door	
0.3	1	4-runner	
0.3	1	450H	
2.2	7	4Runner	
3.1	10	Avalon	
0.3	1	Avalon - Hybrid	
13.5	43	Camry	
0.3	1	Camry LE	
1.9	6	Camry SE	
5.3	17	Corolla	
0.3	1	Dodge Avenger R/T	
0.9	3	ES 350	
0.3	1	Eclipse	
1.3	4	FJ Cruiser	
0.6	2	FR-S	
0.9	3	GX460	
0.3	1	Grand Vitara	
6.3	20	Highlander	
0.3	1	IS 250	
0.3	1	IS250	
0.3	1	Jeep Wrangler	
0.3	1	Journey	
0.3	1	Kizashi	
0.3	1	LS460L	
6.6	21	Prius	
4.7	15	RAV 4	
1.9	6	RX350	
0.3	1	Ram 1500	
0.3	1	SX4	
3.1	10	Scion IQ	
0.9	3	Sequoia	
3.8	12	Sienna	
12.3	39	Tacoma	
0.3	1	Town and country.	
5.0	16	Tundra	
1.6	5	Venza	
0.3	1	scion xd	
0.3	1	sennia	
0.3	1	yaris	
16.7	53		
100.0	318	cases	

Data type: character
Record/columns: 1/25-42

OPEN__DAY Dates: Day-Open Date:

%	N	VALUE	LABEL
0.6	2	1	1
0.9	3	2	2
2.2	7	3	3
1.3	4	4	4
1.9	6	5	5
0.9	3	6	6
1.9	6	7	7
1.3	4	8	8
0.9	3	9	9
1.9	6	10	10
0.6	2	11	11
1.3	4	12	12
1.6	5	13	13
0.3	1	14	14
1.3	4	15	15
0.3	1	16	16
0.3	1	17	17
0.6	2	18	18
0.0	0	19	19
0.9	3	20	20
0.6	2	21	21
0.3	1	22	22
0.3	1	23	23
0.9	3	24	24
1.9	6	25	25
0.0	0	26	26
0.0	0	27	27
0.6	2	28	28
1.3	4	29	29
0.3	1	30	30
0.0	0	31	31
72.6	231	99	Do Not Recall
100.0	318 cases		

Data type: numeric
Record/columns: 1/59-66

OPEN__MONTH Dates: Month-Open Date:

%	N	VALUE	LABEL
3.1	10	1	January
1.6	5	2	February
3.8	12	3	March
3.5	11	4	April
3.1	10	5	May
4.4	14	6	June
1.6	5	7	July
3.5	11	8	August
6.9	22	9	September
5.0	16	10	October
3.5	11	11	November
0.6	2	12	December
59.4	189	99	Do Not Recall
100.0	318	cases	

Data type: numeric
Record/columns: 1/51-58

OPEN__YEAR Dates: Year-Open Date:

%	N	VALUE	LABEL
97.6	246	1	2013
2.4	6	2	2014
	66	.	(Not Applicable)
100.0	318	cases	

Data type: numeric
Record/columns: 1/67-74

CLOSED__DAY Dates: Day-Closed Date:

%	N	VALUE	LABEL
0.6	2	1	1
0.6	2	2	2
1.9	6	3	3
0.6	2	4	4
0.6	2	5	5
0.9	3	6	6
0.6	2	7	7
0.0	0	8	8
2.5	8	9	9
1.3	4	10	10
0.6	2	11	11
0.9	3	12	12
0.0	0	13	13
0.0	0	14	14
1.6	5	15	15
0.3	1	16	16
0.6	2	17	17
0.9	3	18	18
0.3	1	19	19
0.0	0	20	20
0.9	3	21	21
0.9	3	22	22
0.9	3	23	23
0.6	2	24	24
0.3	1	25	25
0.3	1	26	26
0.0	0	27	27
0.6	2	28	28
0.9	3	29	29
1.6	5	30	30
0.6	2	31	31
77.0	245	99	Do Not Recall
100.0	318 cases		

Data type: numeric
Record/columns: 1/83-90

CLOSED__MONTH Dates: Month-Closed Date:

%	N	VALUE	LABEL
1.9	6	1	January
1.3	4	2	February
1.9	6	3	March
3.1	10	4	April
2.2	7	5	May
2.5	8	6	June
3.8	12	7	July
3.5	11	8	August
4.7	15	9	September
4.7	15	10	October
2.5	8	11	November
5.7	18	12	December
62.3	198	99	Do Not Recall
100.0	318 cases		

Data type: numeric
Record/columns: 1/75-82

CLOSED__YEAR Dates: Year-Closed Date:

%	N	VALUE	LABEL
91.7	211	1	2013
8.3	19	2	2014
	88	.	(Not Applicable)
100.0	318 cases		

Data type: numeric
Record/columns: 1/91-98

Q7_1 Learn program-Owner's Manual/Warranty Information

%	N	VALUE	LABEL
100.0	116	1	Checked
	202	.	(Not Applicable)
100.0	318 cases		

Data type: numeric
Record/columns: 1/99-106

Q7_2 Learn program-Attorney or Lawyer

%	N	VALUE	LABEL
100.0	10	1	Checked
	308	.	(Not Applicable)
100.0	318 cases		

Data type: numeric
Record/columns: 1/107-114

Q7_3 Learn program-Brochures, Literature, Pamphlets

%	N	VALUE	LABEL
100.0	15	1	Checked
	303	.	(Not Applicable)
100.0	318 cases		

Data type: numeric
Record/columns: 1/115-122

Q7_4 Learn program-Television, Radio, Newspapers

%	N	VALUE	LABEL
0.0	0	1	Checked
	318	.	(Not Applicable)
100.0	318 cases		

Data type: numeric
Record/columns: 1/123-130

Q7_5 Learn program-Friends, Family, Co-Workers

%	N	VALUE	LABEL
100.0	15	1	Checked
	303	.	(Not Applicable)
100.0	318 cases		

Data type: numeric
Record/columns: 1/131-138

Q7_6 Learn program-Previous Knowledge of The Program

%	N	VALUE	LABEL
100.0	10	1	Checked
	308	.	(Not Applicable)
100.0	318 cases		

Data type: numeric
Record/columns: 1/139-146

Q7_7 Learn program-Internet, Website

%	N	VALUE	LABEL
100.0	26	1	Checked
	292	.	(Not Applicable)
100.0	318 cases		

Data type: numeric
Record/columns: 1/147-154

Q7_8 Learn program-Automaker Customer Service Telephone Number

%	N	VALUE	LABEL
100.0	114	1	Checked
	204	.	(Not Applicable)
100.0	318 cases		

Data type: numeric
Record/columns: 1/155-162

Q7_9 Learn program-The Dealership

%	N	VALUE	LABEL
100.0	99	1	Checked
	219	.	(Not Applicable)
100.0	318 cases		

Data type: numeric
Record/columns: 1/163-170

Q7_10 Learn program-Other

%	N	VALUE	LABEL
100.0	6	1	Checked
	312	.	(Not Applicable)
100.0	318 cases		

Data type: numeric
Record/columns: 1/171-178

Q8_1 Dealer-Manufacturer Inform-Talked To You in Person

%	N	VALUE	LABEL
100.0	54	1	Checked
	264	.	(Not Applicable)
100.0	318 cases		

Data type: numeric
Record/columns: 1/179-186

Q8_2 Dealer-Manufacturer Inform-Talked To You by Phone or In Writing

%	N	VALUE	LABEL
100.0	120	1	Checked
	198	.	(Not Applicable)
100.0	318 cases		

Data type: numeric
Record/columns: 1/187-194

Q8_3 Dealer-Manufacturer Inform-Gave or Sent You Information

%	N	VALUE	LABEL
100.0	52	1	Checked
	266	.	(Not Applicable)
100.0	318 cases		

Data type: numeric
Record/columns: 1/195-201

Q8_4 Dealer-Manufacturer Inform-Showed Poster/Info Showroom/Repair Area

%	N	VALUE	LABEL
100.0	3	1	Checked
	315	.	(Not Applicable)
100.0	318 cases		

Data type: numeric
Record/columns: 1/202-209

Q8_5 Dealer-Manufacturer Inform-Other (Please Specify)

%	N	VALUE	LABEL
100.0	6	1	Checked
	312	.	(Not Applicable)
100.0	318 cases		

Data type: numeric
Record/columns: 1/210-217

Q4 State

%	N	VALUE	LABEL
1.6	5	1	Alabama
1.3	4	2	Arizona
1.6	5	3	Arkansas
20.1	64	4	California
0.6	2	5	Colorado
0.3	1	6	Connecticut
0.6	2	7	Delaware
0.0	0	8	District of Columbia
15.7	50	9	Florida
2.8	9	10	Georgia
0.6	2	11	Idaho
1.3	4	12	Illinois
1.3	4	13	Indiana
0.0	0	14	Iowa
0.6	2	15	Kansas
3.1	10	16	Kentucky
0.6	2	17	Louisiana
0.3	1	18	Maine
4.1	13	19	Maryland
0.6	2	20	Massachusetts
1.3	4	21	Michigan
1.6	5	22	Minnesota
0.3	1	23	Mississippi
1.3	4	24	Missouri
0.3	1	25	Montana
0.0	0	26	Nebraska
0.6	2	27	Nevada
0.0	0	28	New Hampshire
1.9	6	29	New Jersey
0.3	1	30	New Mexico
3.5	11	31	New York
2.8	9	32	North Carolina
0.0	0	33	North Dakota
4.7	15	34	Ohio
0.6	2	35	Oklahoma
1.9	6	36	Oregon
2.8	9	37	Pennsylvania
0.3	1	38	Rhode Island
1.9	6	39	South Carolina
0.3	1	40	South Dakota
4.1	13	41	Tennessee
4.7	15	42	Texas
0.3	1	43	Utah
0.0	0	44	Vermont
3.1	10	45	Virginia

1.6	5	46	Washington
0.0	0	47	West Virginia
2.2	7	48	Wisconsin
0.3	1	49	Wyoming
0.0	0	50	Puerto Rico
0.0	0	51	Alaska
0.0	0	52	Hawaii
0.0	0	53	I do not reside in the United States
100.0	318 cases		

Data type: numeric
Record/columns: 1/43-50

Q9 Mail-Internet

%	N	VALUE	LABEL
73.0	230	1	Received program information and claims forms by mail
27.0	85	2	Accessed program information and claim forms from website
	3	.	(Not Applicable)
100.0	318 cases		

Data type: numeric
Record/columns: 1/218-225

Q10 Program Info

%	N	VALUE	LABEL
44.5	141	1	Very clear and easy to understand
44.8	142	2	A little difficult but still easy to understand
10.7	34	3	Pretty difficult to understand
	1	.	(Not Applicable)
100.0	318 cases		

Data type: numeric
Record/columns: 1/226-233

Q11 Complaint Forms

%	N	VALUE	LABEL
52.2	164	1	Very clear and easy to understand and complete
40.8	128	2	A little difficult but still easy to understand and complete
7.0	22	3	Pretty difficult to understand and complete
	4	.	(Not Applicable)
100.0	318	cases	

Data type: numeric
Record/columns: 1/234-241

OUTCOME Outcome

%	N	VALUE	LABEL
16.4	52	1	Mediation - Settlement with Dealer or Manufacturer
83.6	266	2	Arbitration - Decision by Arbitrator, Panel or Board
100.0	318	cases	

Data type: numeric
Record/columns: 1/338-345

MEDOUTCOME Mediated Outcome

%	N	VALUE	LABEL
19.2	10	1	Ordered additional repair attempts
0.0	0	2	Ordered or recognized a trade assist
32.7	17	3	Ordered a partial refund
9.6	5	4	Ordered a replacement vehicle
11.5	6	5	Other (please specify)
1.9	1	6	Dismissed your claim/no settlement was offered
25.0	13	7	Extended Warranty
	266	.	(Not Applicable)
100.0	318	cases	

Data type: numeric
Record/columns: 1/242-249

Q14 Mediated-Received

%	N	VALUE	LABEL
100.0	51	1	Yes
0.0	0	2	No
	267	.	(Not Applicable)
100.0	318	cases	

Data type: numeric
Record/columns: 1/250-257

Q15 Mediated-Receive Time Frame

%	N	VALUE	LABEL
94.0	47	1	Yes
6.0	3	2	No
	268	.	(Not Applicable)
100.0	318	cases	

Data type: numeric
Record/columns: 1/258-265

Q16 Mediated-Not Receive

%	N	VALUE	LABEL
0.0	0	1	Yes
0.0	0	2	No
	318	.	(Not Applicable)
100.0	318	cases	

Data type: numeric
Record/columns: 1/266-273

Q18 Mediated-Purse Case

%	N	VALUE	LABEL
15.1	8	1	Yes
84.9	45	2	No
	265	.	(Not Applicable)
100.0	318 cases		

Data type: numeric
Record/columns: 1/274-281

Q19_1 Mediated-Method Pursue-Contacted An Attorney

%	N	VALUE	LABEL
100.0	1	1	
	317	.	(Not Applicable)
100.0	318 cases		

Data type: numeric
Record/columns: 1/282-289

Q19_2 Mediated-Method Pursue-Contacted Dealer or Manufacturer

%	N	VALUE	LABEL
100.0	1	1	
	317	.	(Not Applicable)
100.0	318 cases		

Data type: numeric
Record/columns: 1/290-297

Q19_3 Mediated-Method Pursue-Contacted A State/Government Agency

%	N	VALUE	LABEL
100.0	3	1	
	315	.	(Not Applicable)
100.0	318 cases		

Data type: numeric
Record/columns: 1/298-305

Q19_4 Mediated-Method Pursue-Re-Contacted the AWAP Program

%	N	VALUE	LABEL
100.0	3	1	
	315	.	(Not Applicable)
100.0	318	cases	

Data type: numeric
Record/columns: 1/306-313

Q19_5 Mediated-Method Pursue-Other

%	N	VALUE	LABEL
100.0	3	1	
	315	.	(Not Applicable)
100.0	318	cases	

Data type: numeric
Record/columns: 1/314-321

ARBOUTCOME Arb - Outcome

%	N	VALUE	LABEL
3.0	8	1	Ordered additional repairs attempts
0.4	1	2	Ordered or recognized a trade assist
8.3	22	3	Ordered a partial refund
3.0	8	4	Ordered a replacement vehicle
0.0	0	5	Ordered other (please specify)
85.3	226	6	The AWAP ruled against your claim
0.0	0	7	Extended Warranty
	53	.	(Not Applicable)
100.0	318	cases	

Data type: numeric
Record/columns: 1/386-393

Q21 Arb - Paperwork

%	N	VALUE	LABEL
92.1	244	1	Yes
7.9	21	2	No
	53	.	(Not Applicable)
100.0	318 cases		

Data type: numeric
Record/columns: 1/346-353

Q22 Arb - Accuracy Claim

%	N	VALUE	LABEL
38.4	93	1	Very accurately
39.7	96	2	Somewhat accurately
21.9	53	3	Not too or not at all accurately
	76	.	(Not Applicable)
100.0	318 cases		

Data type: numeric
Record/columns: 1/354-361

Q23 Arb - Notified Hearing

%	N	VALUE	LABEL
96.1	248	1	Yes, notified
3.9	10	2	No, was not notified
0.0	0	3	Chose document only hearing
	60	.	(Not Applicable)
100.0	318 cases		

Data type: numeric
Record/columns: 1/362-369

Q25 Arb - Attend Hearing

%	N	VALUE	LABEL
70.5	172	1	In person
3.7	9	2	By telephone
8.2	20	3	Did not attend hearing
17.6	43	4	Document only
	74	.	(Not Applicable)
100.0	318 cases		

Data type: numeric
Record/columns: 1/370-377

Q28 Arb - Accept-Reject

%	N	VALUE	LABEL
100.0	40	1	Accept the decision (award)
0.0	0	2	Reject the decision (award)
	278	.	(Not Applicable)
100.0	318 cases		

Data type: numeric
Record/columns: 1/394-401

Q30 Arb - Pursue Case

%	N	VALUE	LABEL
30.5	80	1	Yes
69.5	182	2	No
	56	.	(Not Applicable)
100.0	318 cases		

Data type: numeric
Record/columns: 1/410-417

Q31 Arb - Receive Time Frame

%	N	VALUE	LABEL
80.0	32	1	Receive your award within within the time frame
17.5	7	2	Receive your award but not within the time frame
2.5	1	3	Not receive your award?
	278	.	(Not Applicable)
100.0	318 cases		

Data type: numeric
Record/columns: 1/402-409

Q33_1 Arb - Method Pursue-Contacted An Attorney

%	N	VALUE	LABEL
100.0	23	1	
	295	.	(Not Applicable)
100.0	318 cases		

Data type: numeric
Record/columns: 1/418-425

Q33_2 Arb - Method Pursue-Contacted Dealer or Manufacturer

%	N	VALUE	LABEL
100.0	22	1	
	296	.	(Not Applicable)
100.0	318 cases		

Data type: numeric
Record/columns: 1/426-433

Q33_3 Arb - Method Pursue-Contacted State/ Government Agency

%	N	VALUE	LABEL
100.0	19	1	
	299	.	(Not Applicable)
100.0	318 cases		

Data type: numeric
Record/columns: 1/434-441

Q33_4 Arb - Method Pursue-Re-Contacted the AWAP Program

%	N	VALUE	LABEL
100.0	23	1	
	295	.	(Not Applicable)
100.0	318 cases		

Data type: numeric
Record/columns: 1/442-449

Q33_5 Arb - Method Pursue-Other

%	N	VALUE	LABEL
100.0	5	1	
	313	.	(Not Applicable)
100.0	318 cases		

Data type: numeric
Record/columns: 1/450-457

Q34 Return Postcard/Talk

%	N	VALUE	LABEL
23.3	72	1	Yes, talked to staff
19.1	59	2	Yes, returned postcard
13.6	42	3	Both, talked to staff and returned the postcard
44.0	136	4	No, didn't bother
	9	.	(Not Applicable)
100.0	318 cases		

Data type: numeric
Record/columns: 1/474-481

Q39 Delay 40 Days

%	N	VALUE	LABEL
22.8	71	1	Yes
77.2	240	2	No
	7	.	(Not Applicable)
100.0	318	cases	

Data type: numeric
Record/columns: 1/458-465

Q41 Reason Delay 40 Days

%	N	VALUE	LABEL
4.4	3	1	You failed to submit information in a timely manner
11.8	8	2	You did not first seek to solve issues directly with the automaker/manufacturer
83.8	57	3	The delay was due to other reasons
	250	.	(Not Applicable)
100.0	318	cases	

Data type: numeric
Record/columns: 1/466-473

Q42_1 Satisfaction-Their Objectivity and Fairness.

%	N	VALUE	LABEL
16.4	44	1	Very Satisfied
7.8	21	2	
9.3	25	3	
8.6	23	4	
15.2	41	5	
42.8	115	6	Very Dissatisfied
	49	.	(Not Applicable)
100.0	318	cases	

Data type: numeric
Record/columns: 1/482-489

Q42_2 Satisfaction-Their Promptness in Handling Your Case

%	N	VALUE	LABEL
19.6	59	1	Very Satisfied
25.9	78	2	
17.3	52	3	
13.0	39	4	
7.6	23	5	
16.6	50	6	Very Dissatisfied
	17	.	(Not Applicable)
100.0	318 cases		

Data type: numeric
Record/columns: 1/490-497

Q42_3 Satisfaction-Their Efforts To Assist In Resolving Your Cases

%	N	VALUE	LABEL
12.9	36	1	Very Satisfied
16.1	45	2	
12.5	35	3	
12.5	35	4	
10.0	28	5	
35.8	100	6	Very Dissatisfied
	39	.	(Not Applicable)
100.0	318 cases		

Data type: numeric
Record/columns: 1/498-505

Q42_4 Satisfaction-The AWAP Program Overall.

%	N	VALUE	LABEL
14.3	39	1	Very Satisfied
11.4	31	2	
8.8	24	3	
11.4	31	4	
17.2	47	5	
37.0	101	6	Very Dissatisfied
	45	.	(Not Applicable)
100.0	318 cases		

Data type: numeric
Record/columns: 1/506-513

Q43 Recommend Program

%	N	VALUE	LABEL
24.2	76	1	Yes
51.9	163	2	No
23.9	75	3	Depends on the circumstances
	4	.	(Not Applicable)
100.0	318 cases		

Data type: numeric
Record/columns: 1/514-521

IMPROVE1 Improve-1st Mention

%	N	VALUE	LABEL
0.0	0	2	Less Paperwork/Make Forms Easier
3.2	8	3	Make Program More Well Known/ Advertising
1.6	4	4	Need More Program Locations
2.0	5	5	Quicken Process/ Speedier Decisions
0.8	2	6	More/ Better Representation at Hearings
47.0	118	7	Bias Arbitrators/Arbitrators Favor AWAP
4.0	10	8	More Communication/Contact/Interaction Arbitrators Staff
4.0	10	9	Better/ More Knowledgeable Mechanics/Review Staff
8.8	22	10	Better Review Complaint/Problems by Staff/Arbitrators
2.8	7	11	Allow More Information/History of Problems in Complaint
4.0	10	12	Better Follow-up/Enforcement of Awards/Settlements
5.2	13	13	Fair/Equitable Settlements/Awards
7.2	18	14	Dealers/Manufacturers More Responsive to Consumers/Complainant
0.8	2	15	Electronic, On-Line, Email Communication/Forms
8.8	22	16	Did Good Job/Pleased/No Complaints
	67	.	(Not Applicable)
100.0	318	cases	

Data type: numeric
Record/columns: 1/322-329

IMPROVE2 Improve-2nd Mention

%	N	VALUE	LABEL
0.0	0	2	Less Paperwork/Make Forms Easier
0.0	0	3	Make Program More Well Known/ Advertising
0.0	0	4	Need More Program Locations
1.3	1	5	Quicken Process/ Speedier Decisions
6.4	5	6	More/ Better Representation at Hearings
10.3	8	7	Bias Arbitrators/Arbitrators Favor AWAP
3.8	3	8	More Communication/Contact/Interaction Arbitrators Staff
14.1	11	9	Better/ More Knowledgeable Mechanics/Review Staff
19.2	15	10	Better Review Complaint/Problems by Staff/Arbitrators
16.7	13	11	Allow More Information/History of Problems in Complaint
0.0	0	12	Better Follow-up/Enforcement of Awards/Settlements
2.6	2	13	Fair/Equitable Settlements/Awards
24.4	19	14	Dealers/Manufacturers More Responsive to Consumers/Complainant
0.0	0	15	Electronic, On-Line, Email Communication/Forms
1.3	1	16	Did Good Job/Pleased/No Complaints
	240	.	(Not Applicable)
100.0	318	cases	

Data type: numeric
Record/columns: 1/330-337