



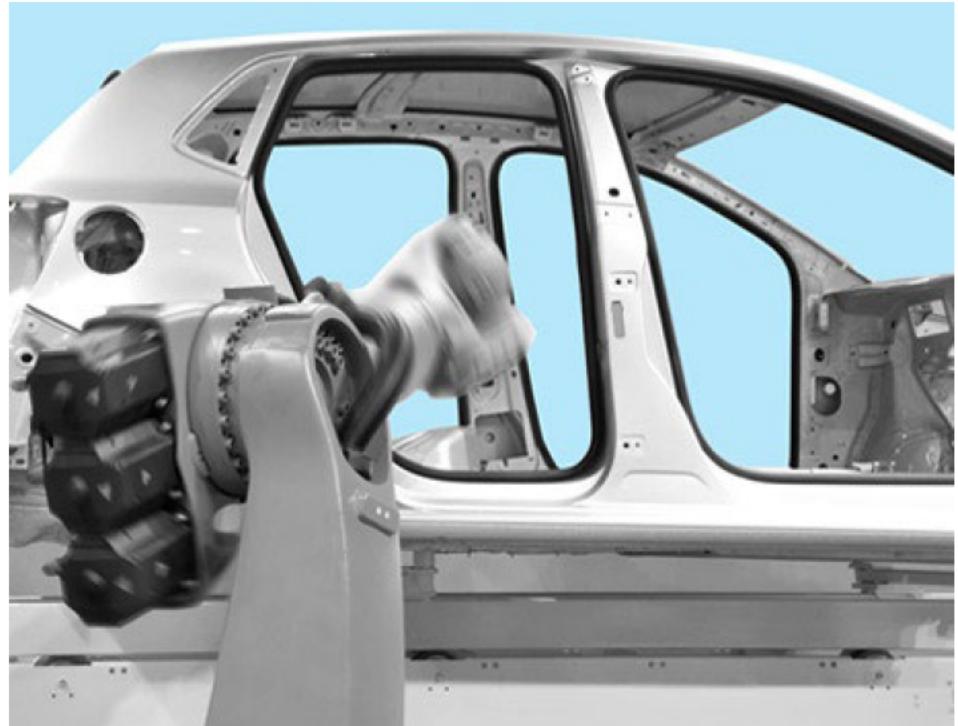
National
Center for
Dispute
Settlement
(NCDS)

Non-Binding
Automobile
Warranty
Arbitration
Program

2024 Annual Audit Report

NATIONAL

(January – December 2024)



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Section I

Introduction and Scope of Audit Performed Under Magnuson-Moss Warranty-Federal Trade Commission Improvement Act of 1975

The National Center for Dispute Settlement (“NCDS”), incorporated in the 1990s, is a firm that specializes in offering binding and non-binding ADR processes to the public. Its primary focus is the non-binding resolution of auto warranty disputes governed by the Magnuson-Moss Warranty–Federal Trade Commission Improvement Act of 1975 (“Magnuson-Moss”)¹ and the companion Rule on Informal Dispute Settlement Procedures, 16 C.F.R. § 703 (“Rule 703”).²

Congress enacted Magnuson-Moss to level the playing field between consumers and warrantors. Title 1 of the Act, which governs consumer product warranties, requires manufacturers and sellers of consumer products to provide consumers with clear, conspicuous, and specific information about warranty coverage. To resolve breach of warranty claims more efficiently, the Act encourages the use of informal dispute settlement procedures, more specifically aimed at automobile disputes.

Magnuson-Moss imposes minimum requirements for informal dispute resolution procedures to achieve statutory legitimacy. One requirement is an annual audit “to determine whether the Mechanism³ and its implementation comply” with standards of consumer awareness, fairness, and time efficiency.⁴ The audit must include a consumer survey that assesses satisfaction levels with the program.⁵

The 2024 audit of NCDS was performed by Mary A. Bedikian, an attorney and arbitration expert. It covers eight substantive areas: Compliance Summary (Section II), Participating Manufacturers’ Consumer-Facing Materials and Compliance Levels (Section III), Mechanism Operations and Compliance Levels (Section IV), Field Audits of Select Geographic Areas (Section V), Audit of Arbitrator Training and Materials (Section VI), Federal Trade Commission Survey and Statistical Index: Comparative Analysis of Consumer Responses (Section VII), Summary of Auditor Recommendations (Section VIII), and Audit

¹ P.L. No. 93-637, 88 Stat. 2183 (1975) (codified at 15 U.S.C. §§ 2301–2312 (2012)).

² Section 110(a)(2) of the Magnuson-Moss Warranty–Federal Trade Commission Improvement Act, directs the Federal Trade Commission to prescribe rules that set forth minimum standards for an informal dispute settlement mechanism that is incorporated into a manufacturer’s written warranty. FTC Rule 703 derives from this mandate. *See Disclosure of Written Consumer Product Warranty Terms and Conditions, Pre-Sale Availability of Written Warranty Terms, and Informal Dispute Settlement Mechanisms (Rules, Regulations, Statements and Interpretations Under Magnuson-Moss Warranty Act)*, 40 FED. REG. 60168, 60190 (Dec. 31, 1975).

³ Under Magnuson-Moss, the Mechanism is NCDS.

⁴ FTC Rule 703.7(a).

⁵ FTC Rule 703.7(b)(3) requires an analysis of a random sample of disputes to measure the adequacy of the Mechanism’s complaint process, investigation efforts, mediation and follow-up, and the accuracy of the Mechanism’s statistical compilations.

Regulatory Requirements (Section IX). Overall consumer survey results for National and all field audit states appear in the Appendix in a separate PDF document.

Manufacturers participating in the NCDS automobile warranty arbitration program (“AWAP”) in 2024 include Acura, BMW, FCA US LLC, Fisker,⁶ Honda, Lexus, Mitsubishi, Tesla, and Toyota.

The Audit Report assesses both the warrantors’ (“manufacturers”) obligations and the Mechanism’s (“NCDS”) obligations under Magnuson-Moss. With respect to the manufacturers’ obligations, the Audit focuses on the requirement of informing consumers of the availability of NCDS’s dispute resolution mechanism when a warranty dispute arises.

The statistical survey and comparative analysis are based on a defined universe of cases drawn from data provided to the auditor by NCDS. The purpose of this aspect of the Audit is to validate the accuracy of the Mechanism’s statistical compilations through “oral or written contact with the consumers involved in each of the disputes in the random sample.”⁷ Further details, including specific statutory requirements for assessments, appear in Section VII.

To complete the 2024 Audit Report, the auditor:

- Reviewed 155 case files and arbitration decisions (not including Board hearing decisions).
- Reviewed participating manufacturers’ warranty and glove box materials.
- Participated as “observer” in 10 arbitration hearings.
- Conducted field audits of three geographic areas – California, Florida, and Ohio.
- Attended the May 2024 three-day in-person training for warranty arbitrators.

For purposes of this year’s Audit, most hearings continued to be conducted by teleconference. The auditor participated in hearings between March and June 2025. The findings and conclusions of the hearings are reflected in this year’s report. Audits of arbitration hearings and field audits, which may include dealership visits and conference calls, are typically conducted in the current calendar year rather than in the Audit year. To ensure continuity between this Audit and all prior audits, the practice was continued.

All case files randomly selected for review were initiated in 2024 as required.

⁶ Fisker filed for Chapter 11 bankruptcy on June 17, 2024. NCDS paused all administration of cases at this time.

⁷ FTC Rule 703.7(b)(3).

Section II

Compliance Summary

This Audit is conducted by Mary A. Bedikian,⁸ an arbitration expert. The Audit assesses the performance of the National Center for Dispute Settlement (“NCDS”) in the administration of warranty disputes filed under the Magnuson-Moss Warranty–Federal Trade Commission Improvement Act of 1975 (“Magnuson-Moss”). To ensure consistency between audits, the prior auditor’s terminology is maintained.

Overall NCDS Dispute Settlement Program Evaluation

The NCDS third-party dispute settlement mechanism, Automobile Warranty Arbitration Program is, in the auditor’s opinion, in substantial compliance with the statutory requirements of Magnuson-Moss, pursuant to 16 C.F.R. § 703, Informal Dispute Settlement Procedures. Operational details are discussed more fully in Section IV.

Participating manufacturers – Acura, BMW, FCA US LLC, Fisker, Honda, Lexus, Mitsubishi, Tesla, and Toyota – are also in substantial compliance with 16 C.F.R. § 703. Findings of substantial compliance, however, are tempered by auditor reservations. Prior NCDS audits, notably the 2019 – 2023 audits, opined that audit reviews have reached the point, where cumulatively, manufacturers have failed to carry out the mandate circumscribed in § 703, *i.e.*, informing consumers of the availability of the NCDS program and how to access it. FTC Rule 703.2(d), in part, states: “The warrantor shall take steps reasonably calculated to make consumers aware of the Mechanism’s existence at the time consumers experience warranty disputes.” This provision reflects the concern that dispute resolution mechanisms can be useful only if their existence is known.⁹ Thus, manufacturers must provide this information to their dealership agents. They do not. This is a crucial omission. Recognizing that some warrantors can exercise control over product distribution and marketing while others cannot, the FTC chose not to impose specific mandates on dealerships and service centers, leaving the question of compliance to the auditor.¹⁰ Manufacturers’ compliance efforts and respective deficiencies, captured as reservations, are explained in greater detail in Section III, and may appear in Section VIII, Summary of Auditor Recommendations.

For this year’s Audit Report, the auditor focused on three regions of the NCDS program – California, Florida, and Ohio. Section V of the Audit provides an assessment of each state’s compliance

⁸ Ms. Bedikian is an attorney with over 30 years of experience in arbitration. Prior to assuming the auditor role for NCDS/CDSP, she served as its outside counsel.

⁹ Disclosure of Written Consumer Product Warranty Terms and Conditions, Pre-Sale Availability of Written Warranty Terms, and Informal Dispute Settlement Mechanisms (Rules, Regulations, Statements and Interpretations Under Magnuson-Moss Warranty Act), 40 FED. REG. 60168, 60197 (Dec. 31, 1975).

¹⁰ Accountability is achieved through the audit. “Audit reports indicating a lack of reasonable efforts by the warrantor would provide the Commission with a means to enforce compliance with the Rule.” *Id.* at 60199.

levels. All regions functioned in accordance with the requirements of Rule 703, with the caveats and discrepancies noted above.

Arbitrators, program personnel, and regulators that were interviewed for purposes of this Audit consider training an essential component of the informal dispute settlement program, even though such training is not required under Magnuson-Moss. The training advances the program's objectives by ensuring that arbitrators are familiar with their role, understand the differences between Magnuson-Moss proceedings and lemon law proceedings,¹¹ appreciate the need for objectivity and fairness in all aspects of evidence gathering and decision-making, and commit to a timely decision within the 40-day time limit specified by Magnuson-Moss. By incorporating arbitrator training into their administrative practices, NCDS enhances the opportunity for fair and expeditious resolution of warranty disputes, a central function of their statutory mandate. NCDS training is addressed in Section VI.

The consumer survey confirms the overall validity of the statistical indices created by the National Center for Dispute Settlement.¹² The original survey sample, which includes National, California, Florida, and Ohio, consisted of 3,105 "in jurisdiction" cases,¹³ with 481 responses. The surveys were structured to coincide with case outcomes, *i.e.*, mediated cases, awarded cases, and awarded cases with no action. Consistent with past audits, consumers who settled through mediation reported positive experiences.¹⁴ Arbitration outcomes were predictably split. Consumers who received a remedial award reported more favorable experiences over those whose claims were denied. An amplified breakdown of consumer responses and their significance is found in Section VII.

The drafters of Magnuson-Moss envisioned the availability of an informal dispute resolution mechanism that would provide consumers with an efficient remedy to redress warranty rights without curtailing recourse to litigation. The NCDS arbitration program, as currently administered, meets this purpose.

¹¹ Although Magnuson-Moss governs the informal dispute settlement program, arbitrators are encouraged to apply the presumptions of the applicable state lemon law in making their decisions.

¹² As noted in prior audit reports, any discrepancies are either of no meaningful consequence or are understandable and without significant regulatory implications.

¹³ The universe of available cases, which represents the number of cases filed, was 6,685. Two thousand four hundred and twenty-three (2,423) cases were deemed ineligible. Seven hundred and forty-six (746) cases were withdrawn. Total cases subject to the survey was 3,105. Excluding ineligible and withdrawn cases, the number also excludes multiple case filings from the same consumer.

¹⁴ Mediation varies from arbitration in that the parties can explore settlement on their terms, without a directive by an arbitrator. Controlling the outcome in mediation is one reason why parties may prefer mediation over arbitration, and often express greater satisfaction levels with the process.

Section III

Participating Manufacturers' Consumer-Facing Materials and Compliance Levels – FTC Rule 703.2

Introduction

This section of the audit focuses on the requirements vehicle manufacturers must meet if they participate in the NCDS arbitration program. The auditor evaluated how each of the manufacturers fulfilled their statutory obligation to provide information to consumers at the point of sale or when a warranty dispute arises.¹⁵ The nine participating manufacturers in the NCDS arbitration program are Acura, BMW, FCA US LLC, Fisker,¹⁶ Honda, Lexus, Mitsubishi, Tesla, and Toyota.

Under Magnuson-Moss, manufacturers are not required to include an informal dispute settlement mechanism (“IDSM”) in their warranty materials. If they do, their program must be Mag-Moss compliant.¹⁷ Assuming compliance, as part of their protocols, manufacturers may insist on “prior resort,” which requires consumers to use the informal dispute resolution program before seeking other remedies under the Act.¹⁸ A number of states incorporate prior resort into their respective states’ lemon laws as a

¹⁵ Auditor consensus, based on a reasonable construction of the Federal Trade Commission’s commentary to FTC Rule 703 titled, “Proceedings,” is that manufacturers’ warranty manuals alone are not enough to communicate the information that Mag-Moss requires. Additional procedures must be in place, which extends to dealerships and service centers, to make sure that consumers receive clear and accurate information about informal dispute settlement options at the time a warranty dispute arises. *See Disclosure of Written Consumer Product Warranty Terms and Conditions, Pre-Sale Availability of Written Warranty Terms, and Informal Dispute Settlement Mechanisms (Rules, Regulations, Statements and Interpretations Under Magnuson-Moss Warranty Act)*, 40 FED. REG. 60168, 60197 (Dec. 31, 1975) (stating that “placing more detailed information regarding the Mechanism at a location where consumers would be likely to turn in case of a product malfunction or defect would serve as a valuable guide to consumers on procedures to follow for remedying such complaints.”).

¹⁶ *See* FN 6, page 2. Even though Fisker filed for Chapter 11 bankruptcy in 2024 (later converted to Chapter 7 liquidation), the auditor is obligated to include a compliance summary for purposes of the 2024 Audit Report.

¹⁷ FTC Rule 703.2(a) states:

The warrantor shall not incorporate into the terms of a written warranty a Mechanism that fails to comply with the requirements contained in §§ 703.3 through 703.8 of this part. This paragraph shall not prohibit a warrantor from incorporating into the terms of a written warranty the step-by-step procedure which the consumer should take to obtain performance of any obligations under the warranty as described in section 102(a)(7) of the Act as required by part 701 of this subchapter.

¹⁸ FTC Rule 703.2(b)(3) states:

prerequisite to filing in court or invoking a state-based arbitration program. Florida¹⁹ and Ohio²⁰ are such examples.

Obligations Under Federal Law and Promulgated Rules

Under § 703.7(b)(1),²¹ the auditor must assess manufacturers' compliance levels with the provisions of § 703.2(d).²² This section of Magnuson-Moss imposes on participating manufacturers the obligation to "take steps reasonably calculated to make consumers aware of the Mechanism's existence at the time consumers experience warranty disputes." A dispute does not arise until the consumer has attempted, and failed, to get warranty performance.²³

A statement of any requirement that the consumer resort to the Mechanism before exercising rights or seeking remedies created by Title I of the Act; together with the disclosure that if a consumer chooses to seek redress by pursuing rights and remedies not created by Title I of the Act, resort to the Mechanism would not be required by any provision of the Act.

¹⁹ FLA. STAT. § 681.108(1), F.S.

²⁰ OHIO REV. CODE ANN. §§ 1345.77(B).

²¹ FTC Rule 703.7(b)(1) states:

Each audit provided for in paragraph (a) of this section shall include at a minimum the following:

- (1) Evaluation of warrantors' efforts to make consumers aware of the Mechanism existence as required in § 703.2(d) of this part.

²² FTC Rule 703.2(d) states:

The warrantor shall take steps reasonably calculated to make consumers aware of the Mechanism's existence at the time consumers experience warranty disputes. Nothing contained in paragraphs (b), (c), or (d) of this section shall limit the warrantor's option to encourage consumers to seek redress directly from the warrantor if 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 to the warrantor.

²³ Disclosure of Written Consumer Product Warranty Terms and Conditions, Pre-Sale Availability of Written Warranty Terms, and Informal Dispute Settlement Mechanisms (Rules, Regulations, Statements and Interpretations Under Magnuson-Moss Warranty Act), 40 FED. REG. 60168, 60193 (Dec. 31, 1975).

The warrantors' obligations under § 703.2 extends to dealerships and service centers.²⁴ Although not explicit in Mag-Moss, it is clear from the accompanying Federal Trade Commission interpretations of Mag-Moss that the regulators intended for warrantors to include dealerships and service centers as part of the consumer information process. Engaging dealerships and service centers is usually accomplished by consumer relations programs and education initiatives to ensure that consumers with warranty disputes receive accurate information about options they may have should their dispute remain unresolved.

The auditor's assessment in this section focuses on the following two provisions of Magnuson-Moss, specifically § 703.2(b) and § 703.2(c):

§ 703.2 Duties of Warrantor

(b) The warrantor shall disclose clearly and conspicuously at least the following information on the face of the written warranty:

- (1) A statement of the availability of the informal dispute settlement mechanism;
- (2) The name and address of the Mechanism, or the name and a telephone number of the Mechanism which consumers may use without charge;
- (3) A statement of any requirement that the consumer resort to the Mechanism before exercising rights or seeking remedies created by Title 1 of the Act; together with the disclosure that if a consumer chooses to seek redress by pursuing rights and remedies not created by Title I of the Act, resort to the Mechanism would not be required by any provision of the Act; and
- (4) A statement, if applicable, indicating where further information on the Mechanism can be found in materials accompanying the product, as provided in § 703.2(c).

(c) The warrantor shall include in the written warranty or in a separate section of materials accompanying the product, the following information:

- (1) Either (i) a form addressed to the Mechanism containing spaces requesting the information which the Mechanism may require for prompt resolution of warranty disputes; or (ii) a telephone number of the Mechanism which consumers may use without charge;

²⁴ The FTC declined to mandate dealer incentive requirements, recognizing that such a mandate may impose unreasonable financial burdens on manufacturers, discouraging them from including an informal dispute settlement mechanism in their warranty materials. Instead, the Commission opted to encourage voluntary efforts and to make explicit that such efforts would be evaluated by the auditor during the annual audit process. *Id.* at 60197.

- (2) The name and address of the Mechanism;
- (3) A brief description of Mechanism procedures;
- (4) The time limits adhered to by the Mechanism; and
- (5) The types of information which the Mechanism may require for prompt resolution of warranty disputes.

Dealership visits and contacts are assessed under a separate section of Mag-Moss, **Duties of Warrantor**, notably § 703.2(d) which states, “The warrantor shall take steps reasonably calculated to make consumers aware of the Mechanism’s existence at the time consumers experience warranty disputes.”

Individual Participating Manufacturers’ Efforts and Compliance Assessment

For the 2024 Audit Report, the auditor interviewed NCDS staff and inquired as to any changes from the previous year in each manufacturers’ efforts to ensure their customers are being made aware of the availability of the arbitration program for resolving warranty disputes. In completing this section, the auditor examined the substantive content of the information provided, including placement in the warranty booklet or supplemental materials, and assessed clarity, accuracy, and inclusiveness. The following explains the auditor’s approach.

- **Notice/Conspicuous Placement** – FTC Rule 703.2(b) of Mag Moss requires a clear and conspicuous notice of the availability of an informal dispute settlement mechanism “on the face of the written warranty.” To meet this requirement, the auditor considered whether the information required was highlighted or in different, larger font, to draw in consumers. Clarity requires that the information provided not be ambiguous and capable of being understood by the average consumer. Pursuant to the FTC, such notice may be featured in an electronic medium.²⁵
- **Required Disclosures** – For this requirement, the auditor evaluated the content of the disclosures to make certain that the consumer was informed of the existence of the Mechanism, its operating procedures, eligibility parameters, time limits for processing a claim under the arbitration program, and any statement requiring that the consumer resort to the Mechanism before they exercised other rights or remedies created by Title 1 of Mag-Moss. Failure to provide all required disclosures resulted in an auditor’s reservation.
- **Steps Reasonably Calculated to Make Consumers Aware** – This requirement of Mag-Moss directs the auditor to assess whether the information in the warranty manuals is sufficient to satisfy the requisite steps of making consumers aware of the existence of the informal dispute settlement mechanism “at the time consumers experience warranty disputes.” The determination

²⁵ In the absence of explicit language in the Warranty Disclosure Rule, the FTC opined that a written warranty communicated through visual text on Web sites is no different than paper versions and would qualify as being “provided with” or as “accompanying” the product.” Federal Trade Commission Opinion Letter 0901 (February 17, 2009).

requires the auditor to assess the quality and quantity of information while also considering the extent to which, if at all, manufacturers have implemented media campaigns that would integrate the dealerships and service centers into the information funnel.

- **Prohibition Requiring Direct Redress** – While Mag-Moss permits direct redress, § 703.2(d) of Mag-Moss prohibits manufacturers from requiring consumers to seek direct redress before they can exercise their right to file a claim with the Mechanism. This provision was modified in the comments period to preserve the right of a warrantor to *encourage consumers* to seek redress. The rationale for this provision appears in the Staff Report.²⁶

A. ACURA

The following table captures, in abbreviated form, Acura's compliance levels with §§ 703.2(b) and 703.2(c).

ACURA – Summary of Compliance

| Statutory Citation | Compliance Findings |
|--------------------|---------------------|
| § 703.2(b)(1) | Yes |
| § 703.2(b)(2) | Yes |
| § 703.2(b)(3) | Yes |
| § 703.2(b)(4) | Yes |
| § 703.2(c)(1) | Yes |
| § 703.2(c)(2) | Yes |
| § 703.2(c)(3) | Yes |
| § 703.2(c)(4) | Yes |
| § 703.2(c)(5) | Yes |

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Notice Requirement and Mandatory Disclosures

Acura makes customers aware of the dispute resolution mechanism through its “*Owner’s Manual and Warranty*.” It is prominently located in the Introduction section within the Table of Contents. The next

²⁶ The underlying concern was that warrantors would want to minimize Mechanism costs by handling the disputes internally. To prevent consumers “from electing in good faith to undergo a warranty dispute settlement process which delays and frustrates rather than expedites dispute settlement, the proposed rule included a general requirement that warrantor complaint handling mechanisms operate fairly and expeditiously.” Disclosure of Written Consumer Product Warranty Terms and Conditions, Pre-Sale Availability of Written Warranty Terms, and Informal Dispute Settlement Mechanisms (Rules, Regulations, Statements and Interpretations Under Magnuson-Moss Warranty Act), 40 FED. REG. 60168, 60197 (Dec. 31, 1975).

page identifies the three steps customers must follow if they have warranty repair issues. Step 1 includes discussing the concern with the Service Manager or General Manager. Step 2 involves contacting Acura Client Relations. Assuming resolution is not reached at either of the prior levels, the consumer is then directed to step 3, the NCDS “independent forum,” which can be accessed “at any time.” The inclusion of the language “at any time” militates against the conclusion that steps 1 and 2 must be exhausted before step 3 can be activated.

The disclosures in Step 3 are clear, and includes, as required, the contact information for filing a claim with the NCDS. On the subsequent page of the *“Owner’s Manual and Warranty,”* customers view a detailed explanation of the NCDS dispute resolution program, including the non-binding nature of the decision, eligibility requirements, ease of consumer access (free of charge), and a clear statement that rejection of a decision will not preclude judicial access.

Additional disclosures specify that mediation is available as an option should the consumer disagree with a decision reached by the staff of Acura Client Relations. Binding arbitration is also available. However, placement of this reference is after the disclaimer, “If you do not accept the decision of NCDS, you can still proceed with formal litigation.” An Agreement to Arbitrate, under the American Arbitration Association’s Consumer Arbitration Rules, is included in the warranty manual. Although Acura’s intent here is to offer consumers multiple dispute resolution options besides litigation, the auditor questions Acura’s decision to offer binding arbitration in the same warranty materials, especially given the breadth of the arbitration clause.²⁷ A better approach would be to offer binding arbitration in a separate standalone document that accompanies but is not integrated into the warranty manuals. *See Summary of Auditor Recommendations, page 90.*

Acura’s written materials communicating the availability of the NCDS dispute resolution program are clear, accurate, and transparent, and otherwise comply with the federal disclosure requirement.

Dealership and Service Engagement

The auditor did not conduct any in-person visits with Acura dealerships in 2024 in Florida. However, telephonic conferences with several Acura dealerships,²⁸ along with prior audit findings (Bedikian audits covering the years 2020-2023), suggest that the same protocols other certified manufacturers assume with respect to auto warranty disputes is also being followed by Acura as part of its national approach to handling warranty disputes.

²⁷ The binding arbitration clause reads, in relevant part, “ This Agreement to Arbitrate includes all claims, whether based in contract tort, statute, fraud, misrepresentation or any other legal theory; claims arising out of your warranty; claims arising before or after this Agreement, such as claims related to statements about our products; claims about the performance, design of our products, or manufacturing of our products; and claims that are currently the subject of purported class action litigation in which you are not a member of a certified class.” For consumers electing to proceed with binding arbitration (presumably after rejecting an arbitrator’s decision under the informal dispute settlement procedures), a 30-day opt out period is provided, “after the date of delivery of the vehicle.” If the consumer does not opt out, the agreement to arbitrate becomes binding.

²⁸ Harper Acura (Knoxville, TN 37922).

RESERVATION

As with other certified manufacturers, Acura continues to be deficient in engaging dealerships. Complete compliance with Mag-Moss requires more than placing accurate and conspicuous information in warranty materials. One aspect of an independent audit included in § 703 was to ensure that adequate consumer awareness by sponsor manufacturers occurs. While the Federal Trade Commission does not mandate any form of national media campaign, this does not exonerate manufacturers from complying with the spirit of the legislation. In this respect, Acura must communicate with its dealerships about ALL warranty options, including the existence of the NCDS arbitration program if the consumer is not satisfied with the proposed resolution offered by the dealership.

CONCLUSION

Acura is in substantial compliance with the warrantor requirements of § 703.2, subject to the above reservations.

B. BMW

The following table captures, in abbreviated form, BMW's compliance levels with §§ 703.2(b) and 703.2(c).

BMW – Summary of Compliance

| Statutory Citation | Compliance Findings |
|--------------------|---------------------|
| § 703.2(b)(1) | Yes |
| § 703.2(b)(2) | Yes |
| § 703.2(b)(3) | Yes |
| § 703.2(b)(4) | Yes |
| § 703.2(c)(1) | Yes |
| § 703.2(c)(2) | Yes |
| § 703.2(c)(3) | Yes |
| § 703.2(c)(4) | Yes |
| § 703.2(c)(5) | Yes |

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Notice Requirement and Mandatory Disclosures

BMW informs its customers about NCDS's informal dispute resolution program through its "New Vehicle Limited Warranty."²⁹ Beginning on page 1, BMW provides an overview of its dispute settlement programs. First, specific to California, the Notice requirement states that California law requires a consumer to use a qualified arbitration program before pursuing court remedies. Failure to arbitrate the claim may preclude the consumer from filing a lawsuit. This section goes on to provide contact information for California – CDSP.

²⁹ The auditor reviewed the 2024 "New Vehicle Limited Warranty for Passenger Cars and Light Trucks."

Next, BMW references “**Other Participating States**” listing the lemon laws that require prior resort.³⁰ NCDS’s contact information is provided. The above disclosures are followed by this disclaimer:

Important: You must use the Dispute Settlement Program before asserting in court any rights or remedies created by Magnuson-Moss Warranty Act [15 U.S.C. Sec. 2301, et seq.]. You may also be required to use the Dispute Settlement program before seeking remedies under your state’s Lemon Law provisions. If you state law does not require it, and/or if you choose to seek redress by pursuing rights and remedies not created by Title 1 of Magnuson-Moss Warranty Act, prior resort through the Dispute Settlement Program is not required by any provision of the Magnuson-Moss Warranty Act.

Specifics with respect to the NCDS informal dispute settlement program appear on page 55. Referencing the affected states, the Manual explains the nature of the NCDS arbitration process and includes the following required disclosures:

- Free of charge to vehicle owner
- Eligibility requirements
- Hearing options
- Hearing protocols concerning witnesses and forms of evidence
- Time frame of decision-making
- Non-binding nature of the decision, but binding on BMW if the consumer accepts

BMW’s Manual also includes appropriate prior resort disclaimers, specifically, that a consumer must use NCDS if pursuing remedies under Magnuson-Moss or if pursuing remedies under state lemon laws requiring prior resort, otherwise prior resort is not required.

Dealership and Service Center Engagement

BMW has disseminated posters to all dealerships, with the expectation that the posters will be displayed in the service area. However, the level of compliance has not been determined. As with other OEMs, the more common approach is for customers whose vehicles are not repaired or cannot be repaired to be directed to Client Relations. At this level, the customer is informed of all options, including the NCDS Automobile Warranty Arbitration Program.

As BMW joined the NCDS Program in 2024, the auditor did not conduct any dealership visits.

CONCLUSION

BMW is in substantial compliance with the warrantor requirements of § 703.2.

C. FCA US LLC

³⁰ These states include Arkansas, Georgia, Idaho, Iowa, Kentucky, Marland, Massachusetts, Minnesota, Pennsylvania, and Virginia.

The following table captures, in abbreviated form, FCA US LLC's compliance levels with §§ 703.2(b) and 703.2(c).

FCA US LLC – Summary of Compliance

| Statutory Citation | Compliance Findings |
|--------------------|---------------------|
| § 703.2(b)(1) | Yes |
| § 703.2(b)(2) | Yes |
| § 703.2(b)(3) | Yes |
| § 703.2(b)(4) | Yes |
| § 703.2(c)(1) | Yes |
| § 703.2(c)(2) | Yes |
| § 703.2(c)(3) | Yes |
| § 703.2(c)(4) | Yes |
| § 703.2(c)(5) | Yes |

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Notice Requirement and Mandatory Disclosures

FCA US LLC uses several means to communicate dispute resolution program information. The “*Warranty Information*” booklet,³¹ available electronically on the FCA website, references the “FCA US LLC Dispute Resolution Program,” beginning on page 4, and states:

FCA US LLC offers a dispute settlement program under two options for customers. First, you may submit your claim to the National Center for Dispute Settlement (NCDS). For more information on the NCDS program, please see “section 7.1 C.” Second, if you prefer not to submit your claim to NCDS, or you are not satisfied with the result from NCDS, then you agree to resolve your dispute with FCA US LLC through binding arbitration as defined in “section 1.3.”

Section 1.3, which appears immediately below the above paragraph, makes clear that the binding process is voluntary. If the consumer elects this process, the American Arbitration Association (AAA) will administer the arbitration under its Consumer Arbitration Rules. The scope of the clause is broad and covers not only warranty claims but claims “related to statements about our products.”³² FCA US LLC will bear all arbitration fees.

The binding arbitration program permits the consumer to opt out of the arbitration agreement within 30 days of taking delivery of the vehicle and signing the Arbitration Acknowledgement Form. The notice to the consumer states that failure to opt out within 30 days will result in binding arbitration.

³¹ The auditor reviewed the 2024 “*Jeep Warranty Information*” booklet.

³² Leased vehicle claims are not subject to binding arbitration. These claims, however, are eligible for resolution under the non-binding arbitration program.

The *non-binding arbitration program* information begins on page 27, under the section titled, "HOW TO DEAL WITH WARRANTY PROBLEMS." Sub-section C cures prior deficiencies by noting that the non-binding voluntary dispute resolution process is available in all 50 states, it is strictly voluntary, and it involves no cost to the consumer to file. NCDS's contact information is prominently displayed. A summary description of NCDS's procedures, consistent with mandatory disclosure requirements, includes:

- Initiation requirements
- Settlement opportunities
- Oral hearing (dealership or teleconference)
- Documents only hearing – reviewed by a panel
- Decision formalities
- Timelines for case processing, *i.e.*, 40 days
- Notice that the dispute resolution process does not replace any other state or federal legal remedies available to the consumer.

Two other crucial notices appear in this section of the Warranty Manual. The first is Section D – **NOTICE UNDER STATE LEMON LAWS** (page 28). This section specifies that some states allow the consumer to receive a replacement vehicle or a refund of the vehicle's purchase price under certain circumstances. If the state law allows such a remedy, FCA requires that the consumer initially notify them to provide an opportunity to make any necessary repairs. The second section, E, is notice specific to California residents and informs the consumer that the Arbitration Certification Program (ACP) in California has certified the NCDS program.³³

The glove box materials, independent of the electronically accessed warranty, contain a separate and distinct document. This booklet, titled, "*Customer Care, Arbitration, & Lemon Law Rights*," describes the NCDS customer arbitration process under Step 3, beginning on page 2. The information which follows satisfies the requirements of § 703.2(b). This information explains the requirements for filing a claim, length of process (*i.e.*, 40 days), hearing protocols, decision parameters, and a statement that if the consumer is not satisfied with the arbitrator's decision, they may reject it and pursue any legal remedies available under state or federal law.

On page 19 of the "*Customer Care, Arbitration, & Lemon Law Rights*" booklet is the NCDS claim form and arbitration agreement. The arbitration agreement at the end of the form is clear that by signing the agreement, the consumer is not bound by the decision of the arbitrator unless they accept it. If the consumer accepts it, the manufacturer is bound to accept it and to perform the terms of the decision within the time limit prescribed. An additional caveat states that the decision is admissible in any subsequent legal proceeding concerning the dispute.

³³ The Arbitration Certification Program ("ACP") is the entity responsible for certifying and monitoring third-party arbitration programs of participating automobile manufacturers to ensure compliance with California laws and regulations involving new vehicle warranties and manufacturer sponsored arbitration programs. The California Dispute Settlement Program ("CDSP"), which operates under NCDS, is the neutral third-party arbitration provider that administers the cases. A program certified by the ACP must meet rigid compliance standards and must be willing to undergo an annual review to maintain certification status.

Dealership and Service Center Engagement

At present, FCA US LLC does not have a cohesive and intentional program in place to involve its dealerships in disseminating information relating to the auto warranty arbitration program. However, FCA *is* focused on building customer loyalty. To achieve that end, they prefer to manage all disputes with their consumers in-house. Their protocol when a consumer presents a potential dispute is to run through a diagnostic check. If they determine that the cause of the issue is a manufacturing defect, they will attempt to repair the vehicle. Their aim is to rectify the non-conformity. If they are not successful, the service manager will escalate the issue to the district level. Whatever information exists within the FCA hierarchy regarding dispute resolution options after repair requests are exhausted does not typically funnel down to the dealership level.

RESERVATIONS

Mag-Moss does not specify how dealerships should get the word out about the warranty dispute resolution program. This “deliberate” vacuum has provided warrantors with a *carte blanche* to rely on service engagement centers or their websites to disseminate this information. These sources are inadequate. Warrantors must orchestrate a media campaign from the top down that will assure signage in the service center and informational brochures on service desks. As noted elsewhere in this Audit Report, consumers can only take advantage of the NCDS program if they are aware of its existence.

Second, while FCA’s goal of providing multiple options to consumers is commendable, including a binding and non-binding process in the same warranty manual may be potentially violative of § 703.5(j).³⁴ Although Rule 703.5(j) speaks to “decisions of the Mechanism,” the 1975 Federal Register that accompanied the rule explained:

. . . there is nothing in the Rule which precludes the use of any other remedies by the parties following a Mechanism decision. The warrantor, the Mechanism, or any other group can offer a binding arbitration option to consumers who are dissatisfied with

³⁴ 40 FED. REG. at 60211 (1975). The 2024 “Jeep Warranty Information” booklet also includes a clear disclaimer on an unnumbered page following the title, which states:

Please note that this new vehicle limited warranty contains a binding arbitration provision that may affect your legal rights, and you agree that, pursuant to the arbitration provision contained in this book, that either you or FCA US LLC may elect to resolve any dispute by neutral, binding arbitration and not by a court action. See the binding arbitration provision contained in “section 1.3” of this new vehicle limited warranty for additional information concerning the agreement to arbitrate. The binding arbitration provision contained in this warranty book does not affect any rights a consumer has to participate in any of FCA’s nonbinding arbitration programs or any voluntary arbitration programs sponsored by any state or government agency.

mechanism decisions or warrantor intentions. However, reference within the written warranty to any binding, non-judicial remedy is prohibited by the Rule and the Act.³⁵

Thus, if FCA wants to make binding arbitration available to its consumers, it should do so in a separate standalone document. This standalone document should provide the consumer with an Agreement to Arbitrate, an explanation of how binding arbitration works and its limitations with respect to judicial review, and a copy of the current Consumer Arbitration Rules of the American Arbitration Association. *See Summary of Auditor Recommendations*, page 90.

CONCLUSION

FCA US LLC is in substantial compliance with the warrantor requirements of § 703.2, subject to the above reservations.

D. FISKER

NOTE: As previously noted, Fisker filed for bankruptcy protection in 2024. However, the following summary appears in the 2024 FTC Audit Report because Fisker had active cases during the audit year.

The following table captures, in abbreviated form, Fisker's compliance levels with §§ 703.2(b) and 703.2(c).

FISKER – Summary of Compliance

| Statutory Citation | Compliance Findings |
|--------------------|---------------------|
| § 703.2(b)(1) | Yes |
| § 703.2(b)(2) | Yes |
| § 703.2(b)(3) | Yes |
| § 703.2(b)(4) | Yes |
| § 703.2(c)(1) | Yes |
| § 703.2(c)(2) | Yes |
| § 703.2(c)(3) | Yes |
| § 703.2(c)(4) | Yes |
| § 703.2(c)(5) | Yes |

FINDINGS

³⁵ The legislative history sheds light on what Congress intended when it passed Mag-Moss, mainly that all informal dispute settlement mechanisms would be non-binding. *See Report to Accompany H.R. 7917, H.R. Rep. No 93-1107*, at 41 (1974) (report of the House Committee on Interstate and Foreign Commerce); *see also S. Rep. No. 93-151*, at 3 (1973) (report of the Senate Committee on Commerce) (stating that “[I]f the consumer is not satisfied with the results obtained in any informal dispute settlement proceeding, the consumer can pursue his legal remedies in a court of competent jurisdiction . . .”).

Notice Requirement and Mandatory Disclosures

Fisker provided information to their customers through their “*New Vehicle Limited Warranty Coverage*” manual.³⁶ The “**Dispute Resolution** and “**Lemon Law**” explanations appeared at the end of the manual. Prior to explaining the NCDS dispute resolution process, Fisker stated, “To the extent permitted by applicable law, written notice of an unresolved vehicle issue shall be provided to Fisker at the contact provided in the Warranty section above, to provide Fisker an opportunity to address the vehicle issue and have final attempt of repair or enter into another mutual agreed resolution before you pursue any remedies under applicable jurisdictional law.” If the issue remained unresolved at this juncture, Fisker directed the customer to NCDS.

In explaining the NCDS informal dispute resolution process, Fisker made the following mandatory disclosures:

- Dispute resolution at no charge to the customer
- Availability of oral hearing
- Trained, professional arbitrators (and mediators)
- Settlement option throughout the course of the entire process
- Non-binding nature of decision
- Time frame for resolution, *i.e.*, within 40 days
- Availability of independent inspection of the vehicle
- Evidence protocols, including rebuttal
- Remedies
- Prior resort

The dispute resolution section of the warranty concluded with the following:

All issues not resolved by the NCDS process, or if you choose not to participate in the NCDS process, must be resolved under the procedure of binding arbitration that you agreed to in your vehicle purchase documents.

Dealership and Service Center Engagement

Fisker’s business model did not include physical dealerships. Scheduling of a service or repair appointment was performed using the Fisker app or the Fisker website. Once the scheduling process was complete, a mobile service unit was dispatched to transport the vehicle to a Fisker Authorized Service Center, based on information provided to Fisker by the customer.

RESERVATIONS

While Fisker’s explanation of the informal dispute resolution process was accurate, the auditor had three reservations. First, information concerning NCDS was placed at the end of the manual, after a discussion of items covered under warranty. A better approach would have been to place this information at the front of the manual, making consumers aware of the NCDS option in the event of a

repair, particularly since a mobile service unit handles all repairs. Second, while including the qualification, “To the extent permitted by applicable law,” Fisker required that customers provide Fisker with an opportunity to address the vehicle issue and have a final attempt at repair. This language was inconsistent with Magnuson-Moss, which states:

(d) . . . Nothing contained in paragraphs (b), (c), or of this section 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.** . . .

Finally, including a non-binding and a binding arbitration process in the same warranty manual was not only confusing to consumers contemplating next steps after repair attempts failed and potentially violative of FTC Rule 703.5(j).³⁷ While Fisker's motivation in creating multiple resolution options was laudable, Fisker should have considered providing binding arbitration in a separate standalone document.³⁸

CONCLUSION

During the time Fisker was part of the NCDS Automobile Warranty Arbitration Program, Fisker was in substantial compliance with the warrantor requirements of § 703.2.

E. HONDA

The following table captures, in abbreviated form, Honda's compliance levels with §§ 703.2(b) and 703.2(c).

HONDA – Summary of Compliance

| Statutory Citation | Compliance Findings |
|--------------------|---------------------|
| § 703.2(b)(1) | Yes |
| § 703.2(b)(2) | Yes |
| § 703.2(b)(3) | Yes |
| § 703.2(b)(4) | Yes |
| § 703.2(c)(1) | Yes |
| § 703.2(c)(2) | Yes |
| § 703.2(c)(3) | Yes |
| § 703.2(c)(4) | Yes |
| § 703.2(c)(5) | Yes |

³⁷ 40 FED. REG. at 60211 (1975).

³⁸ Currently, the binding arbitration process is included in the vehicle purchase agreements. However, it is referenced multiple times in the section pertaining to the Magnuson-Moss informal dispute resolution process. Moreover, the language clearly suggests that binding arbitration is imposed on the consumer as a condition of acquiring the vehicle.

FINDINGS

Notice Requirement and Mandatory Disclosures

NCDS information is in the “*Owner’s Manual and Warranty*” in the Introduction to the Table of Contents, where it is prominently referenced on page 2. On the pages that follow, Honda informs customers of its three-step process. Steps 1 and 2 are internal, and track the steps noted in the Acura discussion. Step 3 specifically references NCDS:

If you disagree with the decision reached by the staff of Honda Automotive Customer Service, you may request to have your case reviewed in an independent forum run by the National Center for Dispute Settlement (NCDS).

In the next paragraph, the manual describes the purpose of NCDS, which “is to resolve disputes between vehicle manufacturers and their customers” and affirms the independence of NCDS’s decision-makers.

A detailed explanation of the program follows on page 3. Of note are the following disclosures:

- Non-binding nature of decision
- 40-day resolution period (47 days if the consumer has not first contacted Honda)
- Availability of mediation before arbitration
- Mandatory information to process a claim
- Non-mandatory prior resort

As with Acura, additional disclosures specify that mediation is available as an option should the consumer not be satisfied with any of the earlier intervention steps. Binding arbitration is also available, with the same disclaimer noted in the Acura discussion. The arbitration clause is broad and covers many issues otherwise not part of the informal dispute resolution program under Mag-Moss. Offering this option to consumers at this point in the process is to get consumers to better evaluate the feasibility of litigation by instead opting into a more consumer-centric dispute resolution forum. Intent aside, for reasons noted previously, offering binding arbitration, even with an opt-out provision, is problematic given the legislative history of Mag-Moss. The auditor recommends a separate standalone document offering binding arbitration that accompanies but is not integrated into the warranty materials. *See Summary of Auditor Recommendations*, page 90.

Other than the above cautionary note, Honda’s written materials communicating the availability of the NCDS dispute resolution program are clear, accurate, and transparent and comply with all federal disclosure requirements.

Dealer and Service Center Engagement

In June 2025, the auditor teleconferenced with the following dealerships:

- Hendrick Honda Pompano Beach
Pompano Beach, FL 33064

✚ Tamoroff Honda
Southfield, MI 48034

✚ Tampa Honda
Tampa, FL 33612

The service managers were aware that an informal dispute resolution process existed, but neither had knowledge of its specifics. Consistent with prior audits, this exchange confirms that service department personnel are not sufficiently informed about NCDS and the availability of a non-binding arbitration program. This information vacuum leaves consumers in a precarious position – accept the recourse the dealership offers or go outside this framework and pursue litigation. While this may not be representative of all Honda dealerships, it demonstrates that information is not being disseminated uniformly across the board, leaving dealerships to rely on practices not consistent with the requirements of Magnuson-Moss.

RESERVATION

Honda is well-positioned to influence positive movement within its hierarchy. Dealerships are a pivotal part of this hierarchy, but they have been ignored. It is not enough to meet the mandatory disclosure requirements. Honda must engage the dealerships in better dissemination of information concerning the NCDS automobile warranty program. Honda cannot expect its consumers to engage in self-help when a warranty dispute arises. This was neither the intent nor the aim of Mag-Moss.

CONCLUSION

Honda is in substantial compliance with the warrantor requirements of § 703.2, subject to the above reservations.

F. LEXUS

The following table captures, in abbreviated form, Lexus' compliance levels with §§ 703.2(b) and 703.2(c).

LEXUS – Summary of Compliance

| Statutory Citation | Compliance Findings |
|--------------------|---------------------|
| § 703.2(b)(1) | Yes |
| § 703.2(b)(2) | Yes |
| § 703.2(b)(3) | Yes |
| § 703.2(b)(4) | Yes |
| § 703.2(c)(1) | Yes |
| § 703.2(c)(2) | Yes |
| § 703.2(c)(3) | Yes |
| § 703.2(c)(4) | Yes |
| § 703.2(c)(5) | Yes |

FINDINGS

Notice Requirement and Mandatory Disclosures

Lexus informs customers of the availability of the NCDS arbitration program through a manual titled, *“Lexus Warranty and Services Guide.”*³⁹ In addition, Lexus distributes to new car buyers a pamphlet titled, *“Lemon Law Guide”* which cross-references the required NCDS arbitration information including their toll-free number. Lexus requires consumers to use NCDS prior to exercising other remedial measures, including judicial relief.

The NCDS dispute settlement program information appears on page 10 of the 76-page document. Step 3 of the OTHER BENEFITS AND ASSISTANCE section provides consumers with the following disclosure:

Important: You must use NCDS prior to exercising rights or seeking remedies available to you through a court action pursuant to the Magnuson-Moss Warranty Act. In addition, you must use NCDS if you are required to do so prior to exercising certain rights or seeking certain remedies available under the Lemon Laws of your state. See the *Lemon law Guide* for specific requirements applicable in your state.

The disclosure further states that if applicable state law does not require prior resort, or if the consumer is not seeking a remedy under Magnuson-Moss, the consumer is free to pursue other forms of redress outside of NCDS. The same disclosures re-appear on page 16, under the GENERAL WARRANTY PROVISIONS.

The disclosures are followed by a description of the arbitration program, which includes the following:

- Free access to consumers
- Eligibility requirements
- Warranty exclusions
- Timing of arbitration, *i.e.*, decision within 40 days of consumer’s receipt of request for arbitration
- Procedures for requesting arbitration
- Explanation of the arbitration process
- Types of decisions binding on Lexus if the consumer accepts
- Limits to the scope of arbitral decisions
- Compliance recourse, including the availability of small claims court

Although all information is accurate and compliant with state regulations, the auditor notes that the arbitration program is organized as part of a multi-step process. However, a customer is not required to go through Steps 1 and 2 before they can activate arbitration. To limit confusion, the auditor recommends modifying this section of the warranty manual to include language notifying consumers that they can file for arbitration without exhausting prior steps. *See Summary of Auditor Recommendations*, page 90.

³⁹ The auditor reviewed the NX 250 FWD/AWD | NX 350 AWD 2024 *“Warranty and Services Guide.”*

Dealership and Service Center Engagement

Particular attention is given to efforts informing consumers of the existence of the arbitration program. The Audit evaluates the manufacturers' strategies to alert customers of the availability of Automobile Warranty Arbitration Program when the customer's disagreement advances into a "dispute." The "notice" requirement seeks to ensure that the program, designed to provide appropriate and early redress to consumers, is usable by them.

In June 2025, the auditor teleconferenced with the following dealerships:

- Lexus of Kendall
Miami, FL 33156
- Lexus of Pembroke Pines
Pembroke Pines, FL 33027
- Meade Lexus of Southfield
Southfield, MI 48034
- Lexus of Cleveland
Cleveland, OH 44135

The service managers and sales representatives were uninformed of the NCDS Automobile Warranty Arbitration Program. Lexus's current protocols is to resolve all warranty issues internally. After running a series of diagnostic checks, if Lexus determines that the problem stems from a manufacturing defect, they may propose to buy back the vehicle. Lexus' decision to propose this remedy is contingent upon the warranty cycle (the earlier in the warranty the better) and the relationship with the customer. If the problem cannot be duplicated, the issue is then elevated to the Lexus Customer Relations Department. Depending on what transpires at this stage, the customer may be directed to the NCDS 800 number.

RESERVATIONS

In all material respects, Lexus compliance levels are unchanged from prior years. While Lexus in general meets the statutory obligations of Magnuson-Moss, its consistently poor results in dealership visits, which precede the 2020 – 2024 audits, require immediate correction. Magnuson-Moss does not require a particular form of media blitz. However, manufacturers such as Lexus which subscribe to an informal dispute resolution program are statutorily charged with a broad "notice" mandate. As it currently stands, this aspect of the mandate is not met.

CONCLUSION

Lexus is in substantial compliance with the warrantor requirements of § 703.2, subject to the above reservations.

G. MITSUBISHI

The following table captures, in abbreviated form, Mitsubishi's compliance levels with §§ 703.2(b) and 703.2(c).

MITSUBISHI – Summary of Compliance

| Statutory Citation | Compliance Findings |
|--------------------|---------------------|
| § 703.2(b)(1) | Yes |
| § 703.2(b)(2) | Yes |
| § 703.2(b)(3) | Yes |
| § 703.2(b)(4) | Yes |
| § 703.2(c)(1) | Yes |
| § 703.2(c)(2) | Yes |
| § 703.2(c)(3) | Yes |
| § 703.2(c)(4) | Yes |
| § 703.2(c)(5) | Yes |

FINDINGS

Notice Requirement and Mandatory Disclosures

Mitsubishi notifies its consumers of the existence of auto warranty program through its "Warranty and Maintenance Manual"⁴⁰ on its website. The information is placed on page 5, with a bold reference: **NOTICE TO CONSUMERS – MMNA is committed to assuring your satisfaction with your Vehicle.** A three-step process is outlined, beginning with dealership contact and concluding with the informal dispute settlement program under NCDS. Step 3 is clear to point out that resort to the NCDS program is encouraged, not mandated. Contact information for NCDS is provided. This section also includes the following required disclosures:

- Free access of the program by consumers
- Eligibility requirements
- Hearing procedures
- Non-binding nature of the arbitrator's decision (unless accepted by the consumer, in which case it will be binding on Mitsubishi)
- Time frame of the process, *i.e.*, 40 days
- The right of owners to obtain a replacement vehicle or a refund of the purchase price under state lemon laws should the vehicle not conform to Mitsubishi's express warranty after a reasonable number of repair attempts

A separate notice informs consumers that they must use NCDS prior to seeking remedies through court. This notice also states that consumers must resort to the NCDS process if seeking remedies under state law which mandates prior resort.

⁴⁰ The auditor reviewed the 2024 "Outlander Warranty & Maintenance Manual."

An additional disclosure states that an implied warranty applicable to the purchased vehicle is limited in duration to the length of the written warranty. Mitsubishi disclaims any responsibility for incidental, consequential, special, or exemplary damages arising out of a breach of the express or implied warranty. The disclosure goes on to note that some states do not permit the exclusion or limitation of damages, thus those restrictions may not apply.

Dealership and Service Center Engagement

Prior audits within the last five years have focused on Mitsubishi's deficiency in establishing a commitment by dealers to educate their employees in providing dispute resolution program information to customers making general inquiries about warranty-related disputes. In addressing the concern noted above, Mitsubishi initiated a program by which they announced to all dealerships the rollout of the Dispute Resolution Program. Included in this communication were three 11 x 7 posters and a cover letter. The cover letter explained the Dispute Resolution Process rollout and included a cautionary note that service managers display the posters in areas that are clearly visible to customers who bring in their vehicles for warranty repairs. This letter also included the following stringent message:

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, most dealerships visited by the auditor could not accurately describe the Dispute Resolution Process.”

Irrespective of this initiative and admonition, the auditor's experience in this audit year was identical to previous audit experiences. The auditor contacted LaFontaine Mitsubishi, Ann Arbor, MI 48103 and spoke with the service manager. He was not aware of the existence of the dispute resolution program, nor did he have any knowledge of NCDS. When asked what he would do if a consumer complained about a warranty dispute, he said complaints or problems would be referred to Customer Relations. Although this dealership posts Mitsubishi posters and Carfax posters within the service center, there are no posters informing consumers of the availability of an informal dispute resolution mechanism. Also, the service manager had no familiarity with the term's “mediation” or “arbitration.”

RESERVATION

Mitsubishi's efforts while laudable also fall short of communicating with dealerships about the availability of the NCDS arbitration program and the required disclosures that should be made should a customer arrive at the dealership with a warranty issue. The FTC mandates that if a manufacturer participates in an informal dispute resolution process, the customer must be given information about the existence of alternative dispute remedies. It is not enough to include information in the owner's manual or in glove box materials. Mitsubishi should make more consistent effort to fulfill this statutory responsibility.

CONCLUSION

Mitsubishi is in **substantial compliance** with the warrantor requirements of § 703.2, subject to the above reservation.

H. TESLA

The following table captures, in abbreviated form, Tesla's compliance levels with §§ 703.2(b) and 703.2(c).

TESLA – Summary of Compliance

| Statutory Citation | Compliance Findings |
|--------------------|---------------------|
| § 703.2(b)(1) | Yes |
| § 703.2(b)(2) | Yes |
| § 703.2(b)(3) | Yes |
| § 703.2(b)(4) | Yes |
| § 703.2(c)(1) | Yes |
| § 703.2(c)(2) | Yes |
| § 703.2(c)(3) | Yes |
| § 703.2(c)(4) | Yes |
| § 703.2(c)(5) | Yes |

FINDINGS

Notice Requirement and Disclosures

Tesla, which joined the NCDS network of manufacturers in 2013, provides information to their customers through their “*Owner’s Warranty Manual, New Vehicle Limited Warranty for Model S, Model X, Model 3, and Model Y.*”⁴¹

On page 11, for disputes originating in the United States, Tesla states:

Any dispute, claim, or controversy between you and Tesla arising out of, or related to, this new Vehicle Limited Warranty is subject to binding arbitration on an individual basis in accordance with the terms of the Agreement to Arbitrate in your Vehicle Order Agreement and reproduced in the section Dispute Resolution in this New Vehicle Limited Warranty.

On page 12, Tesla qualifies direct redress by stating, “[t]o the fullest extent allowed by the law of your jurisdiction” This statement is accurate as stated. Federal law does not require consumers to present their concerns to the manufacturer before arbitration. However, a “final repair attempt” may be mandated by state lemon laws, in which case FTC Rule 703.2(e) may be triggered.⁴²

⁴¹ The auditor also reviewed the “*New Vehicle Limited Warranty Manual for Cybertruck Purchasers*,” effective November 30, 2023, with no updates for 2024. The Manual contained all mandatory disclosures and an Agreement to Binding Arbitration. The reference to binding arbitration, in the same warranty manual, is problematic.

⁴² FTC Rule 703.2(e) permits an extension the 40-day time limit “where the consumer has made no attempt to seek redress directly from the warrantor.” For purposes of Mag-Moss relief however, FTC

In the next paragraph, Tesla describes its dispute resolution program in two steps. The first is an optional step through NCDS. The second is binding arbitration or small claims court, whichever the consumer elects. Tesla describes the non-binding dispute resolution process through NCDS and highlights it for ease of reference. Eligibility requirements are also highlighted, as is a specific time limit for filing for arbitration, (*i.e.*, within 60 days (or 6 months in certain jurisdictions)) of the expiration of the applicable warranty period, provided written notice has been furnished to Tesla of the alleged defect *during* the warranty period. Tesla's program explicitly prohibits class arbitrations.

Tesla makes the following mandatory disclosures:

- Availability of oral hearing
- Admissibility of evidence
- Settlement option throughout the course of the entire process
- Non-binding nature of decision
- Compliance requirement of 30 days after notice of acceptance of decision
- Available remedies
- Excluded remedies

The following language appears at the end of the section dealing with non-binding arbitration:

If you are not satisfied with the arbitrator's decision or Tesla's compliance, you may pursue your claim in binding arbitration on an individual basis in accordance with the Agreement to Binding Arbitration provided below.

The Agreement to Binding Arbitration follows on page 13. The preamble to the Agreement states, "Under that Agreement [referring to the Agreement to Arbitrate in the Vehicle Order Agreement], you agreed to resolve disputes with Tesla by arbitration rather than by litigation in court." Tesla goes on to indicate that the consumer may circumvent NCDS entirely and proceed to binding arbitration or small claims court. Finally, the actual Arbitration Agreement gives the consumer an opportunity to "opt-out" of arbitration within 30 days after signing the Agreement. This opt-out must be sent to Tesla in writing.

Dealership and Service Center Engagement

Tesla's business model does not currently include physical dealerships. Sales are conducted online through their website, where consumers can customize their vehicle. However, there is a cohesive system in place to inform consumers of all options once the consumer contacts the Tesla service center. The problem is initially addressed with the service technician. Failing satisfaction, or if the problem persists, the consumer is then directed to the arbitration options in the warranty. These options include both the NCDS non-binding dispute resolution program and the binding arbitration program (or small claims court).

Rule 703.2(d) explicitly precludes requiring consumers to seek redress from the warrantor first before initiating arbitration.

Tesla's warranty is available on their website, and any consumer interested in reviewing the warranty, even before point of sale, may do so by downloading the document. Once a consumer purchases a Tesla, they are given an on-line account number for ease of access to a service center.

RESERVATIONS

Including a non-binding and a binding arbitration process in the warranty manual is problematic for consumers contemplating options after repair attempts fail to resolve the warranty issue. While both options may be considered, the non-binding option must be exhausted before binding arbitration can be pursued. For reasons previously noted, it is not appropriate to discuss binding arbitration in the same warranty document discussing non-binding arbitration. If Tesla wants to make binding arbitration available to its consumers, it should do so in a separate standalone document. This standalone document should provide the consumer with an Agreement to Arbitrate, an explanation of how binding arbitration works and its limitations with respect to judicial review, and a copy of the current Consumer Arbitration Rules of the American Arbitration Association. *See Summary of Auditor Recommendations*, page 90.

Finally, the Introduction to "Dispute Resolution" quoted earlier is not accurate. Disputes between Tesla and a consumer are not subject to binding arbitration unless the consumer agrees to it. Integrating it into a Vehicle Order Agreement is not tantamount to consent, or proper notice. NCDS should encourage Tesla to remove this language entirely from its warranty materials.

CONCLUSION

Tesla is in substantial compliance with the warrantor requirements of § 703.2, subject to the above reservations.

I. TOYOTA

The following table captures, in abbreviated form, Toyota's compliance levels with §§ 703.2(b) and 703.2(c).

TOYOTA – Summary of Compliance

| Statutory Citation | Compliance Findings |
|--------------------|---------------------|
| § 703.2(b)(1) | Yes |
| § 703.2(b)(2) | Yes |
| § 703.2(b)(3) | Yes |
| § 703.2(b)(4) | Yes |
| § 703.2(c)(1) | Yes |
| § 703.2(c)(2) | Yes |
| § 703.2(c)(3) | Yes |
| § 703.2(c)(4) | Yes |
| § 703.2(c)(5) | Yes |

FINDINGS

Notice Requirement and Mandatory Disclosures

To meet the notice requirement, Toyota publishes a 64-page booklet entitled, “*Warranty & Maintenance Guide*.⁴³ This booklet explains the three step process for consumers to exhaust should they experience a problem with their vehicle. Page 5, Step 3, clearly states that if a concern is not resolved to the consumer’s satisfaction, additional assistance is offered through the Dispute Settlement Program administered by the National Center for Dispute Settlement. In the event of a claim, the consumer is referred to the “*Owner’s Warranty Rights Notification*” booklet, described more fully below. A specific disclosure for California residents appears on page 6. Prior resort disclosures for all consumers, including those residing in California, are noted at the top of page 10.

Reference to the informal dispute settlement program appears again on page 11, under GENERAL WARRANTY PROVISIONS. The consumer is then referred to the “*Owner’s Warranty Rights Notification*” booklet. This booklet is comprehensive and contains state-specific warranty-related regulatory information for all 50 states. On page 2, the booklet outlines the three steps to customer satisfaction, which includes a prominent Step 3 reference to ARBITRATION. California residents are directed to page 86. The notice is bolded and appears under the reference to ARBITRATION. Subsequent pages describe the NCDS informal dispute settlement program in detail, *i.e.*, types of eligible disputes, length of the arbitration process, and costs associated with initiating arbitration (free to the consumer).

The “*Owner’s Warranty Rights Notification*” booklet is primarily distributed by the dealership sales personnel at the point of sale.

As with Lexus, the information in the various warranty booklets for Toyota are organized as a 3-step process, with internal steps constituting Steps 1 and 2. Organized in this way, the consumer is likely to conclude that they must exhaust Steps 1 and 2 before filing a claim in arbitration. Since Mag-Moss does not require a consumer to engage in prior resort, Toyota should consider revising its warranty manuals to make this clearer. *See Summary of Auditor Recommendations*, page 90.

Dealership and Service Center Engagement

In June 2025, the auditor teleconferenced with the following dealerships:

- Toyota of Orlando
Orlando, FL 32811
- Temecula Valley Toyota
Temecula, CA 92591
- Toyota of Hollywood FL
Hollywood, FL 33021

The service lane managers were not aware of NCDS or the availability of the non-binding arbitration program. As with Lexus, consumer repairs are handled in-house without explaining other

⁴³ The auditor reviewed the 2024 Tacoma “*Warranty & Maintenance Guide*.⁴³”

options to the consumer. Repeated customer complaints are directed to an 800 number. The service lane managers do not know the protocols after the call center is engaged.

The information dissemination methods employed by Toyota nationally establish that many Toyota customers are being made aware of the program. For these customers, at least, access is obvious. On the other hand, the auditor dealer assessments continue to confirm a general lack of knowledge on the part of many dealer service department employees about the NCDS and, in some cases, ignorance of its very existence. This includes both service managers and sales employees.

As noted in prior audits, the entity in the best position to communicate with customers, in the warranty repair context, is the servicing dealer. Unfortunately, dealers who wish to ignore or minimize their role in facilitating "fair and expeditious" warranty dispute resolution may do so with regulatory impunity, notwithstanding the efforts of Toyota.

RESERVATION

Toyota remains deficient in including dealerships and service centers in the information dissemination process. Dealership inspections and telephonic conferences during the 2024 audit period confirm that dealerships, including front line personnel, do not know of the existence of an informal dispute resolution process. Failure to be informed undermines the regulatory intent behind Mag-Moss and prevents consumers, for whom the legislation was targeted, from pursuing remedies that could promptly and efficiently cure alleged vehicle non-conformities.

CONCLUSION

Toyota is in substantial compliance with the warrantor requirements of § 703.2, subject to the above reservation.

Section IV

Mechanism Operations and Compliance Levels – FTC Rules 703.3 – 703.8

This chapter deals specifically with the statutory obligations imposed on the National Center for Dispute Settlement. The primary federal regulations and interpretations⁴⁴, which parallel state frameworks under lemon laws and are explicitly set forth in 16 C.F.R. § 703, require that all administrative processes be fair, thorough, and efficient. Moreover, the rules mandate certain recordkeeping functions and an annual audit that includes consumer assessments. Thus, this section focuses primarily on § 703.3 (“Mechanism Organization”), § 703.4 (“Qualification of Members,” the arbitrators), § 703.5 (“Operation of the Mechanism”), § 703.6 (“Recordkeeping”), § 703.7 (“Audits”), and § 703.8 (“Openness of Records and Proceedings”).

Based on information in this section, the auditor finds that NCDS is in substantial compliance of its statutory mandate. The auditor’s conclusions are drawn from a review of its published rules (national and California-certified), the Arbitrator Training Manual (updated in 2023), Arbitrator Bulletins, Frequently Asked Questions (“FAQs”), and other materials on the NCDS website, discussions with staff, a randomly selected review of 155 cases, and participation as observer in 10 hearings, including one board hearings.

A. MECHANISM ORGANIZATION – § 703.3

FTC Rule 703.3 establishes the funding and staffing protocols “to ensure fair and expeditious resolution of all disputes.”⁴⁵ Access to the Mechanism is without charge, an attempt to motivate manufacturers to incorporate an informal dispute settlement option in their warranties,⁴⁶ and to

⁴⁴ See <https://www.govinfo.gov/content/pkg/FR-2015-07-20/pdf/2015-14065.pdf>.

Final Action Concerning Review of Interpretations of Magnuson-Moss Warranty Act; Rule Governing Disclosure of Written Consumer Product Warranty Terms and Conditions; Rule Governing Pre-Sale Availability of Written Warranty Terms; Rule Governing Informal Dispute Settlement Procedures; and Guides for the Advertising of Warranties and Guarantees. 80 FED. REG. 42710 (July 15, 2015).

⁴⁵ FTC Rule 703.3(a) states:

The Mechanism shall be funded and competently staffed at a level sufficient to ensure fair and expeditious resolution of all disputes and shall not charge consumers any fee for use of the Mechanism.

⁴⁶ The Senate Report explains the rationale behind this provision as follows: . . . [T]he consumer should be notified of his ability to seek redress through . . . any informal dispute settlement mechanism that the warrantor may offer. Furthermore, if the warrantor is required to inform the consumer of his rights in the event the warrantor fails to perform, the Committee believes that the warrantor will have greater incentive to perform as promised.” Disclosure of Written Consumer Product Warranty Terms and Conditions, Pre-Sale Availability of Written Warranty Terms, and Informal Dispute Settlement

encourage consumers to avail themselves of the option, if available. As written, the Rule requires the warrantors to initially fund the Mechanism at a level sufficient to permit the Mechanism to execute its statutory obligations. As of the date of this Audit Report, all manufacturers met the funding requirement.

FTC Rule 703.3⁴⁷ also requires that the warrantor and the Mechanism remain sufficiently insulated from each other. NCDS meets this statutory obligation in several ways. Manufacturers do not have direct access to case administrators since they confer regularly with manufacturers' representatives during the administrative process. Regulatory and compliance issues are handled separately by the Regulatory and Compliance Manager, who is segregated from the administrative process.

The auditor is without sufficient knowledge to be able to comment on whether personnel decisions are based on merit. From observation, however, personnel at NCDS are hired by the CEO of the organization, using objective hiring and promotion criteria NCDS has established over the years. Manufacturers neither influence nor have any input into this process.

Finally, § 703.3 imposes on the Mechanism the obligation to establish "any other reasonable requirements necessary to ensure that the members and staff act fairly and expeditiously in each dispute."⁴⁸ This mandate is carried out by NCDS, in part, through its Arbitrator's Manual, which sets forth the fairness standards by which arbitrators must comply. Page 1 of the Manual states:

Manufacturers have selected NCDS to administer their warranty dispute settlement programs because of our experience and reputation for quality and service in administering an informal dispute resolution program. NCDS is obligated to maintain substantial compliance with all the requirements of the process as set forth in the Magnuson-Moss Warranty Act. Accordingly, NCDS relies on its Arbitrators to always remain unbiased and impartial before, during and after the process. In line with this duty, you must contact your Case Administrator IMMEDIATELY when circumstances impair your ability to operate as an impartial third-party.

Both arbitrators and NCDS staff are also committed to ensuring that all disputes are resolved within the 40-day time limit established by Magnuson-Moss. (See pg. 38 of the audit, which confirms that

Mechanisms (Rules, Regulations, Statements and Interpretations Under Magnuson-Moss Warranty Act), 40 FED. REG. 60168, 60176 (Dec. 31, 1975).

⁴⁷ FTC Rule 703.3(b) states:

The warrantor and the sponsor of the Mechanism (if other than the warrantor) shall take all steps necessary to ensure that the Mechanism, and its members and staff, are sufficiently insulated from the warrantor and the sponsor, so that the decisions of the members and the performance of the staff are not influenced by either the warrantor or the sponsor. Necessary steps shall include, at a minimum, committing funds in advance, basing personnel decisions solely on merit, and not assigning conflicting warrantor or sponsor duties to Mechanism staff persons.

⁴⁸ FTC Rule 703.3(c).

the average number of days from case initiation to case closure is 33). Staff must initiate a case within 48 hours of filing, provided it meets eligibility requirements. NCDS appoints arbitrators within a day or so, or on the same date as initiation if the consumer has expressed preference for an oral hearing or a board hearing, which is documents only.

Staff do not interface with arbitrators, except at arbitrator training programs. Required insulation exists.

FINDINGS

The auditor finds that NCDS personnel is dedicated to protecting relationship boundaries between NCDS, the warrantor, and its members, thus preserving a fair and accessible informal dispute resolution mechanism.

CONCLUSION

The Mechanism is in **substantial compliance** with § 703.3.

B. MEMBERS' QUALIFICATIONS – § 703.4

FTC Rule 703.4 focuses on “members” as defined by § 703.1(f),⁴⁹ nomenclature unique to the informal dispute resolution program. FTC Rule 703.4 is clear to establish that arbitrators cannot have “direct involvement in the manufacture, distribution or sale or service of any product,” and precludes a member from serving if they are a party to the dispute, an employee or agent of a party, or if they are involved in any legal action, including class actions, with respect to a party. This insulation is critical in preserving arbitrator impartiality. To this end, during the 2024 training program, the arbitrators were cautioned to disclose ANY connection to the manufacturer, included cars driven by them or someone in their immediate family and whether they have arbitrated before with that manufacturer’s representative.

Hearings conducted by a board, typically a three-person panel, also have rigid and similarly structured requirements for service and disclosure. As with a single arbitrator, NCDS arbitrators are duty bound to make disclosures at the earliest possible point in the arbitration process, usually when the arbitrator confirms the appointment. A random review of files indicates that to the extent this issue surfaces, arbitrators are in full compliance.

Rule 4 of the “*Rules & Procedures for the Informal Non-Binding Resolution of Automobile Warranty Disputes*” explains the early disclosure requirement:

QUALIFICATIONS AND IMPARTIALITY OF ARBITRATOR(S)

All persons on the NCDS National Panel are deemed competent to hear and decide automobile warranty disputes. An arbitrator selected to serve under these Rules must, at

⁴⁹ FTC Rule 703.1(f) states:

Members mean the person or persons within a Mechanism deciding disputes.

the time of appointment or as soon afterwards as it becomes known, disclose to NCDS any information likely to affect impartiality, or create an appearance of partiality or bias. Such information includes past and present financial, business, personal or professional relationships with any of the parties, their representatives or witnesses, or employees of NCDS or the vehicle manufacturer. Upon receipt of such information from the arbitrator or any other source, NCDS shall decide whether the arbitrator should be disqualified. If the disclosure of information occurs at the oral hearing, and either party objects, the arbitrator shall be disqualified and a new arbitrator shall be appointed promptly by NCDS. Any determination on arbitrator disqualification shall be conclusive.

Thus, arbitrators must conduct a preliminary investigation into whether conflicts – business, professional, financial, personal – exist. Arbitrators must disclose whether they have previously arbitrated cases involving the manufacturer or its representative. If a disclosure is made, and it is waived by all parties, the arbitrator may proceed to conduct the hearing.

If the disclosure is not waived, NCDS must determine whether the arbitrator should be disqualified. In making recusal determinations, NCDS staff assess whether there is a direct and substantial relationship which to a reasonable person might give rise to an impression of partiality. Any doubts concerning an arbitrator's ability to remain neutral results in the arbitrator's recusal. This outcome assures the integrity of the process and the ability of NCDS to comply with federal and state regulations.

Other rules which reflect NCDS' compliance with notions of fairness and impartiality include Rule 9 (Arbitration in the Absence of a Party)⁵⁰ and Rule 12 (Communication with the Arbitrator).⁵¹

The Arbitrator's Training Manual includes an entire section dedicated to explaining the interface between NCDS and the auto warranty arbitrator, and the continued commitment to neutrality. On page 1, the Manual states, "The relationship between the Manufacturer and NCDS is an "arms-length" contractual relationship. To provide truly neutral dispute settlement services, it is important that NCDS, and you, the third-party neutral, have no interest in the outcome of any case."

Additional caveats are found in the Arbitrator's Manual. For example, the Manual states that arbitrators should avoid being in a room with one party to prevent an extemporaneous exchange, however innocuous. Test drives include their own set of protocols, requiring two separate test drives if the vehicle has limited capacity. At all times, the consumer is responsible for conducting the test drive and notifying the arbitrator when the non-conformity manifests.

Finally, § 703.4(c) requires that members "be persons interested in the fair and expeditious settlement of consumer disputes." To this point, it is important to note that all disputes processed in 2024 were concluded within the 40-day time limit required by Magnuson-Moss.

FINDINGS

⁵⁰ Rule 9 permits *ex parte* hearings only after assurance of proper notice to all parties.

⁵¹ Rule 12 prohibits communication with the arbitrator except at the oral hearing.

Arbitrators operate at the highest levels of fairness and impartiality. Rules are in place (reinforced by information in the Arbitrator's Training Manual) that assures no arbitrator will serve without making an investigation of disqualifying events or circumstances and disclosing such information when found. Adequate protocols also exist to insulate arbitrators from warrantors and staff.

CONCLUSION

The Mechanism is in substantial compliance with § 703.4.

C. MECHANISM'S OPERATIONS – § 703.5

FTC Rule 703.5 includes several operational dimensions, aimed at protecting the 40-day time limit while not jeopardizing the quality of the case administration process. Under this Rule, the Mechanism must establish written protocols for the submission and processing of disputes, which includes items specified in paragraphs (b) through (j) of the section.⁵² All of this information is available to consumers through booklets on the NCDS website. Consumers also receive this information if requested directly by contact with an NCDS representative.

FTC Rule 703.5(b) requires the Mechanism, once notified of a dispute, to immediately inform both the warrantor and the consumer that it has received the dispute. Before NCDS initiates the claim, it will check for eligibility.⁵³ A dedicated point person at NCDS oversees all eligibility issues.

Filing of the Claim

Cases are initiated in the NCDS process by the filing of a claim form. The claim form is accessed electronically, or it is found in the Owner's Manual of the participating manufacturer.⁵⁴

⁵² Items include the “investigative role” of NCDS, notice of the 40-day timeline for case processing and disclosure of the decision, oral presentation protocols and logistics, including *ex parte* hearings, settlement obligations, prior resort, and the non-binding nature of the arbitral determination unless accepted by the consumer.

⁵³ Related to the question of eligibility is whether a leased vehicle is covered under the terms of Magnuson-Moss. In 2015, the Federal Trade Commission declined to issue an interpretation of the application of Mag-Moss to leases specifically, stating that the issue was sufficiently clear. It opined: “The majority of courts have found that a lessee meets the definition of “consumers” in the MMWA because warranty rights are transferred to lessees, or the lessees are permitted to enforce the contract under state law, among other reasons.” Final Action Concerning Review of Interpretations of Magnuson-Moss Warranty Act; Rule Governing Disclosure of Written Consumer Product Warranty Terms and Conditions; Rule Governing Pre-Sale Availability of Written Warranty Terms; Rule Governing Informal Dispute Settlement Procedures; and Guides for the Advertising of Warranties and Guarantees. 80 FED. REG. 42710, 42715 (July 15, 2015).

⁵⁴ For example, FCA US LLC includes this form in the middle of their “Customer Care, Arbitration & Lemon Law Rights” booklet which is in the glove box of their vehicles.

Step one of the initiation process occurs when a consumer submits a claim form to NCDS under the terms of the Manufacturer's New Vehicle Warranty. NCDS uses an E-file system that is easily accessed by the consumer, if they prefer to file a claim electronically. Consumers can also mail, fax, or email their claim. At the time of filing, the dispute must be under warranty. Once eligibility is determined, the case is initiated within 24 to 48 hours.

The claim is then assigned to an arbitrator, who is chosen from the National Panel. This selection is random, based on a rotation and consideration of geographic limitations. Every effort is made to appoint an arbitrator within 25 miles or less of the consumer's location. The appointment process is managed entirely by NCDS. The parties, unlike traditional arbitration, do not have input into this process. An Assignment Notification is sent out to the parties, and the parties are informed which case administrator has been assigned to manage the case. Arbitrators may be able to withdraw from a case for good cause and the decision for recusal, if any, is to be made by NCDS solely, after consulting with the parties and seeking written submissions.

As part of the Mechanism's investigatory function,⁵⁵ the case administrator collects all evidence that is received, including the Manufacturer's Response Form and any other documents. This evidence is forwarded to the arbitrator before the scheduled hearing.

Case Processing – Settlements Through “Mediation” and Hearings

Once the case is initiated, which means that the warrantor has received notice pursuant to § 703.5(c), the parties receive a notice of hearing within ten days of the hearing date. If a party does not receive such a notice, the hearing date is rescheduled. During the pendency of the hearing, the manufacturer can contact the consumer directly and attempt to resolve the dispute. If a formal offer of settlement is made, the NCDS administrator will discuss the offer. Should either party prefer a more traditional form of mediation, with an outside neutral, NCDS will accommodate the request but preserve the arbitration hearing date.

⁵⁵ FTC Rule 703.5(c) states:

The Mechanism shall investigate, gather and organize all information necessary for a fair and expeditious decision in each dispute. When any evidence gathered by or submitted to the Mechanism raises issues relating to the number of repair attempts, the length of repair periods, the possibility of unreasonable use of the product, or any other issues relevant in light of Title I of the Act (or rules thereunder), including issues relating to consequential damages, or any other remedy under the Act (or rules thereunder), the Mechanism shall investigate these issues. When information which will or may be used in the decision, submitted by one party, or a consultant under § 703.4(b) of this part, or any other source tends to contradict facts submitted by the other party, the Mechanism shall clearly, accurately, and completely disclose to both parties the contradictory information (and its source) and shall provide both parties an opportunity to explain or rebut the information and to submit additional materials. The Mechanism shall not require any information not reasonably necessary to decide the dispute.

After hearings commence, the arbitrator cannot serve as mediator. If a party makes a settlement offer or overture during the hearing, the arbitrator will suspend the proceedings for a brief period to facilitate dialogue between the parties. This protocol ensures that arbitrators are not influenced by settlement offers which might be rejected. If the case settles, the manufacturer will deal directly with the consumer and NCDS will be immediately contacted and notified of the settlement. If the case does not settle, the arbitrator will move forward with the case, hear the evidence, and decide the case on the merits.

Investigations and Inspections

NCDS rules permit the arbitrator, before deciding the case to both inspect the car and to obtain the use of technical experts.⁵⁶ While inspections and test drives are common, the use of technical experts is not. In the 155 case files reviewed for the 2024 Audit Report, very few cases used an expert to facilitate resolution.

Independent inspections are conducted to confirm or deny one of the party's' representations or to resolve conflicts in testimony between the parties. The issue with independent inspections, while permitted under Mag-Moss, is that arbitrators may rely on them as a basis for making their decisions. The dispute resolution process is not intended to diagnose the vehicle's alleged mechanical problem but rather to resolve the question of whether the manufacturer has breached the warranty by failing to repair a defect (not design flaw) that substantially impairs the use, value, or safety of the vehicle.

Case Determinations

In the absence of case settlement, § 703.5(d) requires arbitrators to render a fair decision, which includes all evidence submitted at the oral hearing. This provision applies even if a consumer waives oral hearing and elects instead a board determination. A decision rendered by the arbitrator or board must include any remedies available under the statute – specifically, repair, replacement, refund, reimbursement for expenses, and compensation for damage. A time limit for performance also must be included. Based on random case reviews, arbitrators fully complied.

FTC Rule 703.5(d) also imposes on the Mechanism the obligation, unless cause is established,⁵⁷ to process cases as expeditiously as possible but within 40 days of notification of the dispute. All disputes in 2024 were processed to closure well within the 40-day time limit.

Listed below is a breakdown by manufacturer.

Average Days to Close – by Participating Manufacturer (NATIONAL)

January 1, 2024 – December 31, 2024

⁵⁶ See Rule 11, "Rules & Procedures for the Informal Non-Binding Resolution of Automobile Warranty Disputes" and Rule 13, "California Dispute Settlement Program Hearing Process Rules." Also, see § 703.5(c), **Mechanism's Duty to Aid in Investigation.**

⁵⁷ Under § 703.5 of Magnuson-Moss, the Mechanism may delay performance if the delay is due solely to the failure of a consumer to provide the required information during the intake process, or if the consumer has not attempted to seek redress directly from the warrantor, assuming prior resort.

| Manufacturer | Days to Close |
|--|---------------|
| Acura | 34 |
| BMW | 32 |
| FCA US LLC | 34 |
| Honda | 33 |
| Fisker | 35 |
| Lexus | 33 |
| Mitsubishi | 33 |
| Tesla | 34 |
| Toyota Motor Sales, USA, Inc. | 33 |
| Average Days to Close/NCDS Totals | 33 |

Compliance with Arbitral Determinations

FTC Rule 703.6(h) requires that the Mechanism ascertain from the consumer within ten working days of the date for performance whether in fact performance has occurred. The Mechanism has a protocol in place for making this assessment. If an award includes a remedy, the consumer is asked to fill out a form that confirms performance within the prescribed time limit. Often, the consumer does not return the letter. Only a handful of case files the auditor reviewed had signed forms in the file. This approach suggests that NCDS assumes compliance with respect to performance without proper notification to the consumer.

FINDINGS

NCDS administration overall is excellent. Case diary notes track the development of each case. Form letters are used to process most cases, which ensures predictability and consistency in the case administration process.

CONCLUSION

The Mechanism is in substantial compliance with § 703.5.

D. RECORDKEEPING – § 703.6

FTC Rule 703.6 requires the Mechanism to maintain certain records⁵⁸ and, upon request, to turn the records over to the auditor during the audit period.

⁵⁸ FTC Rule 703.6 (a)(1)-(12) states:

- (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;

FINDINGS

The information required in subsections 1 through 4 is maintained as mandated by Magnuson-Moss. Subsections 5 and 6 are more problematic. Some files contain other forms of communications submitted by the parties. The case diary form only tracks information in the file. Thus, validation of all information necessitated by subsections 5 and 6 of the Rule 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, exhibits, and phone calls pertaining to their cases. To validate this dimension, the audit would entail retrieving all such files as a first step, a function beyond the scope of this audit.

Information set forth in subsections 7 through 10 is also appropriately maintained. However, the information in subsections 11 and 12 were not audited for accuracy and completeness because of the impracticability of such a review. The examination of the case file contents revealed few instances of this type of information in the file, yet nothing indicated that such information was missing.

- (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.
- (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) 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;
- (9) A copy of the disclosure to the parties of the decision;
- (10) A statement of the warrantor's intended actions(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.

Under § 703.6,⁵⁹ each of the participating manufacturers must submit a semi-annual index of their disputes grouped under brand name and grouped under product model as required. Indices are complete and consistent with all requirements. Collectively, the arbitration program's statistics identify 6,685 disputes filed in 2024. Of these, 3,169 cases were eligible for Automobile Warranty Arbitration Program review, 746 were withdrawn after filing, and 2,423 cases were determined by the Automobile Warranty Arbitration Program to be out-of-jurisdiction.⁶⁰ Of the in-jurisdiction closed cases, NCDS reports that 3,228 were arbitrated and 288 were mediated.⁶¹ There were 2,402 arbitrated decisions which were reported as "adverse to the consumer" per § 703.6(e), which represents 84% of all arbitrated cases.⁶² While this may appear to be a high percentage, it is important to note that under Magnuson-Moss, the threshold for recovery is a *substantial* non-conformity with use, value, or safety. Two points are noteworthy. First, consumers may and often do employ mediation, which favors a win-win resolution for the parties. In meetings with regulators and service center directors, the use of internal mediation, which obviates the need to file a formal claim with NCDS, is on the rise. Second, the informal dispute settlement mechanism is intended to be part of a panoply of options, not exclusive. Consumers dissatisfied with the arbitral outcome may pursue other state and federal remedies outside of Magnuson-Moss.

Pursuant to § 703.6,⁶³ NCDS also must document disputes in which the warrantor has refused to abide by a decision. As a matter of general corporate policy, all participating manufacturers agree to comply with arbitration decisions at the time they agree to offer the informal dispute settlement program. This information is supplied as part of NCDS's Annual FTC § 703.6(c)(1) and (2) Report.

Magnuson-Moss imposes a tight time limit for case processing. NCDS is mandated to ensure that all complaints are processed and concluded within 40-days.⁶⁴ According to the statistical index reports, as

⁵⁹ FTC Rule 703.6(b) states:

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

⁶⁰ Typically, a case which is deemed ineligible is due to the consumer exceeding the terms of the warranty. If a case is deemed ineligible for the program, the consumer is informed immediately, along with a justification for why jurisdiction was denied.

⁶² This percentage is based on the survey population total of 3,105.

⁶³ FTC Rule 703.6(c) states:

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 of each warrantor's disputes grouped under brand name and subgrouped under product model.
- (2) All disputes in which the warrantor has refused to abide by a mechanism decision.

⁶⁴ FTC Rule 703.6(d) states:

of December 2024, all cases were processed within the 40-day time limit required by statute. NCDS 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 on the date the report was generated.

Although a review of the report indicates compliance with this statutory requirement, the auditor did not assess its accuracy. The requirement is for NCDS to maintain an index, which it does, to show whether any cases filed during the calendar year exceed the 40-day processing time limit. All reports under this section are available for review by the regulatory agencies.

Finally, Magnuson-Moss requires that records be maintained for a period of four years, and that such records be reviewed as an annual feature of the audit.⁶⁵ All information listed in the 12 subsections detailed in the previous section is maintained for the required four years. The auditor inspected a collection of case files for each region and inspected and evaluated a random selection of case files from the four-year period for completeness. All files were appropriately maintained and readily available for audit.

CONCLUSION

The Mechanism is in substantial compliance with § 703.6.

E. CONDUCTING AN ANNUAL AUDIT – § 703.7

FTC Rule 703.7 mandates a yearly audit.⁶⁶ The nature of the audit is explained in detail in the

The mechanism shall maintain an index as will show all disputes delayed beyond 40 days.

⁶⁵ FTC Rule 703.6(f) states:

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.

⁶⁶ FTC Rule 703.7 states:

- (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."
- (b) Each audit provided for in paragraph (a) of this section shall include at a minimum the following:
 - (1) Evaluation of warrantors' efforts to make consumers aware of the Mechanism's existence as required in § 703.2(d) of this part;
 - (2) Review of the indexes maintained pursuant to § 703.6(b), (c), and (d) of this part;

rule. It includes an evaluation of the warrantors' efforts to make consumers aware of the mechanism's existence, a review of the indices maintained pursuant to § 703.6(b), (c), and (d), and an analysis of a random sample of disputes administered by the Mechanism to determine the adequacy of their investigation efforts, mediation usage, and follow-up. In terms of prescribed methodology, "paragraph (b)(3)(i) permits primary emphasis to be placed on analysis by the auditor of the experiences of a sample of consumers who have utilized the Mechanism."⁶⁷ This analysis includes oral or written contact with consumers who filed disputes.

FINDINGS

This is the fifth Audit Report prepared by Bedikian in which the Automobile Warranty Arbitration Program was evaluated for compliance with Magnuson-Moss requirements. The auditor reviewed the last several prior audits to assure for completeness and comprehensiveness. Records subject to § 703.6 (record-keeping) are being kept and were made available for review.

CONCLUSION

The Mechanism is in **substantial compliance** with § 703.7.

F. STATUTORY REQUIREMENT OF OPEN RECORDS AND PROCEEDINGS – § 703.8

FTC Rule 703.8 speaks to the nature of the proceedings,⁶⁸ and "it is intended to strike a balance between the warrantor and Mechanism's need for confidentiality and the competing need for public access and scrutiny of Mechanism operations that is implicit in Section 110(a)(4) of the Act."⁶⁹

and,

(3) Analysis of a random sample 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.)

⁶⁷ Disclosure of Written Consumer Product Warranty Terms and Conditions, Pre-Sale Availability of Written Warranty Terms, and Informal Dispute Settlement Mechanisms (Rules, Regulations, Statements and Interpretations Under Magnuson-Moss Warranty Act), 40 FED. REG. 60168, 60213 (Dec. 31, 1975).

⁶⁸ The relevant language is § 703.8(b), which states:

Except as provided under paragraphs (a) and (e) of this section, and paragraph (c) of § 703.7 of this part, all records of the Mechanism may be kept confidential, or made available only on such terms and conditions, or in such form, as the Mechanism shall permit.

FINDINGS

The above statutory requirement is memorialized in the *"Rules & Procedures for the Informal Non-Binding Resolution of Automobile Warranty Claims,"* placing all parties on sufficient notice that hearings may involve non-parties to the dispute. Rule 11 states:

ATTENDANCE AT HEARINGS – OPEN PROCEEDINGS

All parties to the dispute, and their representatives if any, are entitled to attend the hearing. Unless excused by the arbitrator, the registered owner of the vehicle shall be present. Witnesses may attend the hearing subject to the arbitrator's authority to limit attendance or sequester witnesses during all or part of the hearing. The arbitrator shall determine whether any other person may attend the hearing, and such determination is conclusive. Under federal law, arbitrations conducted under these rules are open proceedings. This means that a member of the public, or a state or federal regulator, may attend and observe the hearing.

While the limits of privacy and confidentiality are subject to the requirements of § 703.8, NCDS data security is an essential part of confidentiality. The NCDS internal processes are set up to provide multiple layers of protection. In addition, the segregation of task, with dedicated point persons assigned to discrete administrative tasks with no cross-over, assures ethical compliance.

NCDS does not retain files more than four years. Physical files are shredded. Electronically stored files include an automatic destruction date.

CONCLUSION

The Mechanism is in substantial compliance with § 703.8.

⁶⁹ Disclosure of Written Consumer Product Warranty Terms and Conditions, Pre-Sale Availability of Written Warranty Terms, and Informal Dispute Settlement Mechanisms (Rules, Regulations, Statements and Interpretations Under Magnuson-Moss Warranty Act), 40 FED. REG. 60168, 60214 (Dec. 31, 1975).

Section V

Field Audit of Three Geographic Areas

For this year's Audit Report, the auditor reviewed three geographic areas – California,⁷⁰ Ohio, and Florida.

California

A. CASE LOAD AND BASIC STATISTICS, AND CONSUMER SURVEY RESPONSES

The survey for California consisted of 619 closed CDSP cases, which included 58 mediated cases.⁷¹ From this universe, we surveyed 82 customers. Consistent with prior audits, surveyed customers' level of program satisfaction, including arbitrator performance, directly correlates to whether they achieved the desired outcome in arbitration. The percentage of adverse arbitration decisions in California accounted for 85% of the total cases, per the table below.

| Survey | Cases |
|---|------------|
| California - Arbitrated Awarded | 82 |
| California - Arbitrated Awarded No Action | 479 |
| Total Cases | 561 |
| Percentage of Adverse Decisions | 85% |

The following table breaks down the sample size and response rate based on case outcome, followed by a breakdown of consumer responses.⁷²

⁷⁰ California's regulatory scheme for informal dispute resolution includes the Tanner Consumer Protection Act (part of the Song-Beverly Consumer Warranty Act), CAL. CIV. CODE § 1793.22 *et seq.* and Title 16, Professional and Vocational Regulations, CAL. CIV. CODE § 3396.1 *et seq.* Title 16 specifies minimum standards for manufacturers, minimum standards for arbitration programs, and certification procedures should a manufacturer choose to have a certified program. As of this audit, only Toyota, FCA US LLC, and Tesla are certified.

⁷¹ Statistics may appear to be at odds with one another. This is due to data being collected and reported based on different regulatory mandates using different terminology for similar concepts. Important distinctions are noted.

⁷² The methodology used in all consumer surveys appears in Section VII and it is explained in greater detail.

| Survey | Population | Sample Size | Response Rate % |
|---|------------|-------------|-----------------|
| California - Arbitrated Awarded | 82 | 17 | 21% |
| California - Arbitrated Awarded No Action | 479 | 53 | 11% |
| California – Mediated | 58 | 12 | 21% |
| Total | 619 | 82 | 13% |

CALIFORNIA ARBITRATED CASES AWARDED SURVEY RESULTS⁷³

Pre-filing experience with dealer or manufacturer. To understand the consumers' pre-filing experience, respondents were asked broad questions related to their pre-filing contacts with either the dealer or the manufacturer. The results show before filing a claim with NCDS, 94% of the participants indicated they attempted to discuss their concerns with the manufacturer directly. When asked how many times the dealer or manufacturer attempted to repair their vehicle, 35% of respondents stated "*other – more than three times*" while 18% stated "*one time*," 6% stated "*two times*," and 41% stated "*three times*." The majority of participants reported they learned about the NCDS Arbitration Program through Friends, Family, Co-workers (29%), Manufacturer Customer Service Representative (24%), Internet or Social Media (18%), Glove-Box Materials (12%), State Government Agency (12%), Dealership Personnel (6%) and Attorney (6%). Participants also reported 24% for "*other*" resources. Sixty percent (60%) of the participants stated they were informed of the Arbitration Program from the manufacturer by "*talking over the phone*." The other 40% indicated "*mailed or emailed information*" as the source of being informed about the program.

Filing of the claim with NCDS. To identify consumers' experience related to the actual filing of their claim with NCDS, participants were asked questions concerning the filing method, clarity of instructions, and style of hearing. One hundred percent (100%) of the participants reported they used an E-file method to file their claim. The respondents were then asked how clear the instructions were for filing their claim of which 82% indicated the instructions on the claim form were "*very clear*," 2% stated that the instructions were "*somewhat clear*," and 6% indicated "*do not know*." Once the participants E-filed their claim with NCDS, 82% reported it took between one to two business days for NCDS to acknowledge their claim and initiate the administrative process and 18% reported "*greater than two business days*."

Experience after filing a claim with NCDS. To capture the pre-hearing process, respondents were asked to rate their experience after they filed their claim with NCDS. Based on the results, it was found that 100% of participants received and reviewed the Frequently Asked Questions ("FAQs") packet at www.ncdsusa.org. The information presented in the FAQs was "*very clear*" as reported by 76% of the respondents and "*somewhat clear*" by 24% of respondents. Seventy-six percent (76%) of the participants stated the information presented in the FAQs was "*very helpful*" while 24% reported it was "*moderately helpful*."

⁷³ California Overall Survey Results are part of the Appendix which appear in a separate PDF document filed with the Audit Report.

When asked if participants received or reviewed the Non-Binding Arbitration Program Rules at www.ncdsusa.org, 94% respondents reported "yes" and 94% of those that received them reviewed the information. The Program Rules were "very clear" to 88% of participants, "somewhat clear" to 6% and 6% of participants reported "not clear." The respondents were then asked if the Program Rules were helpful in explaining the arbitration process of which 88% stated they were "very helpful," 6% stated they were "moderately helpful," and 6% stated "not at all helpful." All (100%) of the respondents indicated they received a hearing notice from NCDS, and 100% reported before or after they received their hearing notice, they did not hire an attorney to represent them or to be present at the hearing. Based on the results, none of the survey participants answered that they requested "documents only" hearing. However, participants misunderstood the question since they explained their reasons for selecting this modality over a teleconference. Seventy-six percent (76%) cited "more convenient to have an arbitration panel review documents," 18% reported "unable to get off work," and the remaining 6% cited 'other.'

The evidentiary hearing process. To assess the actual evidentiary process, participants were asked to convey their experience with distinct phases of the hearing process. One hundred (100%) of the participants indicated that the arbitrator started the hearing on time. All (100%) reported that the arbitrator explained the evidentiary hearing process, re-affirmed his/her impartiality, and allowed both parties a full and fair opportunity to present their proofs during the actual hearing. One hundred percent (100%) of the participants stated that the arbitrator allowed both parties a full and fair opportunity to present their proofs. Ninety-two percent (92%) did not request a third party, independent inspection of their vehicle, while 8% did request it.

Post-award experience. Next, it was important to evaluate the consumers' experience after they received their award. When it was time to communicate the award to the consumer, 100% of the sample population stated the arbitrator communicated this award by email. Sixty-five percent (65%) of the consumers stated that the relief awarded to them was a refund, where the manufacturer would give money for their vehicle, 6% stated that their relief was a replacement remedy, where the manufacturer would replace the existing car with a new car, 24% stated that their remedy was a repair, and 6% indicated no relief was granted.

Ninety-four percent (94%) of the participants stated the arbitrator accurately identified the nature of the non-conformity alleged in their claim while 6% indicated the arbitrator did not accurately identify it. After identifying the non-conformity, 88% of participants stated that the arbitrator included a summary of the testimony at the hearing with 12% indicated it was not included. One hundred percent (100%) of the participants stated that the arbitrator's award was clear and 100% reported the arbitrator "rendered a reasoned decision." Eighty-eight percent (88%) of the participants returned to NCDS the Decision Acceptance/Rejection Form.

Arbitrator satisfaction. To understand arbitrator satisfaction among the consumers, the participants were asked how well the arbitrator understood their case. Seventy-six percent (76%) of the participants rated the arbitrator's understanding of the case as "excellent," 18% reported it as "good," and 6% reported it was "poor." Seventy-one percent (71%) reported the arbitrator's objectivity and fairness as "excellent," 24% reported it as "good," and 6% reported it was "poor." With respect to the arbitrator's impartiality, 76% of the participants responded that the arbitrator's demeanor was "excellent," 18% responded that it was "good," and 6% responded that it was "poor."

Satisfaction with NCDS processing claim. To measure consumers' satisfaction with NCDS processing their claims, respondents were asked to rate NCDS in four different areas. First, respondents were asked to rate the timeliness of the communications between them and NCDS staff. Eighty-two percent (82%) rated the timeliness aspect of the communications as "*excellent*," 12% rated the timeliness as "*good*" and 6% reported it was "*poor*." Next, participants were asked to rate the helpfulness of the NCDS staff. Eighty-two percent (82%) of the participants rated the helpfulness of the staff as "*excellent*" and 18% rated the staff as "*good*." To help gauge consumers' experience with the arbitration program, participants were asked to rate their overall participation in the NCDS Arbitration Program. For this question, 76% of the participants rated NCDS as "*excellent*," 6% rated NCDS as "*good*," 6% rated it "*fair*" and 12% rated NCDS as "*poor*." Finally, respondents were asked if they would recommend the Arbitration Program to friends and family. Ninety-four percent (94%) of the participants responded "*yes*."

CALIFORNIA ARBITRATED CASES NO ACTION SURVEY RESULTS

Pre-filing experience with dealer or manufacturer. To understand the consumers' pre-filing experience, respondents were asked broad questions related to their pre-filing contacts with either the dealer or the manufacturer. The results show before filing a claim with NCDS, 96% of the participants indicated they attempted to discuss their concerns with the manufacturer directly. When asked how many times the dealer or manufacturer attempted to repair their vehicle, 6% stated "*one time*," 11% reported "*two times*," 30% stated "*three times*," and 53% stated "*more than three times*." Most of the participants reported they learned about the NCDS Arbitration Program through the Internet or Social Media (26%), Manufacturer Customer Service Representative (26%), Glove-Box Materials (17%), Friends, Family and Co-workers (11%) Dealership Personnel (9%) and 8% reported "*State Government Agency*." Several other options were reported with very small percentages. When asked how the manufacturer or dealer informed the consumer of the NCDS Arbitration Program (distinct from the above query), 26% of the participants stated they were informed of the Arbitration Program over the phone, 42% reported by mail or e-mail, 11% reported via the website and 21% reported other sources, however, these sources were not delineated in consumer responses.

Filing of the claim with NCDS. To identify consumer's experience related to the actual filing of their claim with NCDS, participants were asked questions concerning the filing method and the clarity of the instructions. Ninety-two percent (92%) of the participants reported they used an E-file method to file their claim. The respondents were then asked how clear the instructions were for filing their claim of which 30% of the participants indicated the instructions on the claim form were "*very clear*," 49% stated that the instructions were "*somewhat clear*," 15% reported them as "*not clear*," and 6% reported they did not know. Once the participants E-Filed their claim with NCDS, 55% reported it took one or two business days for NCDS to acknowledge their claim and initiate the administrative process. Forty-five percent (45%) stated it took "*greater than two business days*." For those who mailed their claims, 75% reported that it took greater than two business days after they received acknowledgement their claim had been received for an NCDS administrator to contact them and 25% reported one business day.

Experience after filing a claim with NCDS. To capture the pre-hearing process, respondents were asked to rate their experience after they filed their claim with NCDS. Based on the results, it was found that 79% of participants received and reviewed the Frequently Asked Questions (FAQs) at www.ncdsusa.org. The information presented in the FAQs was "*very clear*" as reported by 15% of the respondents, "*somewhat clear*" by 49%, "*not clear*" by 19% and 17% reported they did not know. Seventeen

percent (17%) of the participants stated the information presented in the FAQs was “*very helpful*” while 43% reported it was “*moderately helpful*,” 23% as “*not helpful at all*,” and 17% reported “*do not know*.”

When asked if participants received or reviewed the Non-Binding Arbitration Program Rules at www.ncdsusa.org, 81% reported “*yes*,” however, 79% stated they had reviewed the Rules. The Program Rules were “*very clear*” to 21% of participants, “*somewhat clear*” to 57% of participants, “*not clear*” to 17% and 6% reported they did not know. The respondents were then asked if the Program Rules were helpful in explaining the arbitration process of which 19% stated they were “*very helpful*,” 51% acknowledged they were “*moderately helpful*” while 25% felt they were “*not at all helpful*” and 6% reported they did not know. Ninety-four percent (94%) of the respondents stated they received a hearing notice from NCDS, and 92% reported before or after they received their hearing notice, they did not hire an attorney to represent them or to be present at the hearing while 8% reported they did hire an attorney. Based on the results, 58% of participants did not request a “*documents only*” hearing after filing their claim and 42% did request a “*documents only*” hearing. The most common reason provided for why a consumer elected a “*documents only*” hearing was it was more convenient to have an arbitration panel review the documents, with a response rate of 17%. Other participant responses include 15% stated “*unable to get time off work*,” 4% reported “*family or health conflicts*” and 6% reported “*other*.”

The evidentiary hearing process. To assess the actual evidentiary process, participants were asked to convey their experience with distinct phases of the hearing process. Ninety-four percent (94%) indicated that the arbitrator started the hearing on time, 87% reported that the arbitrator explained the evidentiary hearing process including re-affirmation of impartiality, and 55% indicated that the arbitrator allowed both parties a full and fair opportunity to present their proofs while 45% reported they did not. Six percent (6%) of the respondents indicated that they requested a third-party independent technical inspection of their vehicle.

Post-award experience. Next, it was important to evaluate the consumers’ experience after they received their award. When it was time to communicate the award to the consumer, 92% of the participants indicated that the arbitrator’s decision was communicated by E-mail. Four percent (4%) of the participants indicated that the arbitrator’s decision was communicated by mail. The remaining 4% stated “*other method*.” These participants did not identify the nature of the methodology by which they were informed of the arbitrator’s decision. The NCDS Rules do not allow for telephonic communication of the award. Ninety-eight percent (98%) of the consumers stated that no relief was granted, while 2% reported they received a reimbursement associated with the repair of the vehicle.

Eight percent (8%) of the participants stated that the arbitrator accurately identified the nature of the non-conformity alleged in their claim and 92% reported that the arbitrator did not accurately identify the non-conformity. After identifying the non-conformity, 66% stated that the arbitrator included a summary of the testimony at the hearing. Forty percent (40%) stated that the arbitrator’s decision was clear and 60% reported it was not clear. Finally, participants were asked to assess whether the arbitrator rendered a reasoned decision. This meant whether the participant agreed with the award, the arbitrator explained the rationale for why the decision was reached. Thirty-five percent (38%) of the participants responded “*yes*” to this question and 62% of the participants responded “*no*.”

Arbitrator satisfaction. To understand arbitrator satisfaction among the consumers, the participants were asked how well the arbitrator understood the facts of their case. Sixty-eight percent (68%) rated the arbitrator’s understanding of the facts as “*poor*,” 21% as “*average*,” 8% as “*good*,” and 4%

as “*excellent*.” Seventy-nine (79%) rated the arbitrator’s objectivity and fairness as “*poor*,” 15% as “*average*,” and 6% as “*good*.” As to the arbitrator’s impartiality during the hearing, 19% rated the arbitrator as “*good*,” 13% rated the arbitrator as “*average*,” and 68% rated the arbitrator as “*poor*.” When participants were asked how they perceived the arbitrator’s impartiality with respect to the actual decision, 85% stated that the arbitrator’s impartiality was “*poor*.” Fifteen percent (15%) of the survey participants rated the arbitrator’s impartiality with respect to the decision (in contrast to his/her demeanor at the hearing) as either “*good*,” or “*average*.”

Satisfaction with NCDS processing claim. To measure consumers’ satisfaction with NCDS processing their claims, respondents were asked to rate NCDS in four different areas. Respondents were asked to rate the timeliness of the communications between them and NCDS staff. Seventeen percent (17%) rated the timeliness aspect of the communications as “*excellent*,” 32% rated timeliness as “*good*,” 26% rated timeliness as “*fair*,” and 25% rated timeliness as “*poor*.” Next, participants were asked to rate the helpfulness of the NCDS staff. Fifteen percent (15%) rated the helpfulness of the NCDS staff as “*excellent*,” 30% rated helpfulness as “*good*,” 25% rated helpfulness as “*fair*,” 30% rated helpfulness as “*poor*.” In terms of the consumers’ overall experience under the NCDS Arbitration Program, 4% rated their experience as “*excellent*,” 8% rated their experience as “*good*,” 21% rated their experience as “*fair*,” and 68% rated their experience as “*poor*.” Finally, respondents were asked if they would recommend the Arbitration Program to friends and family. Eight percent (8%) of the participants responded “*yes*” and 92% responded “*no*.”

CALIFORNIA MEDIATED CASES SURVEY RESULTS

(Information below captures those cases where the parties agreed to settle their case at some point between filing of their claim and the evidentiary hearing)

Pre-filing experience with dealer or manufacturer. To understand the consumers’ pre-filing experience, respondents were asked broad questions related to their pre-filing contacts with either the dealer or the manufacturer. The results show before filing a claim with NCDS, 92% of the participants indicated they attempted to discuss their concerns with the manufacturer directly. When asked how many times the dealer or manufacturer attempted to repair their vehicle, 8% stated, “*two times*,” 33% stated, “*three times*,” and 58% stated “*more than three times*.” Most of the participants reported they learned about the NCDS Arbitration Program through Internet or Social Media (33%), Glove-Box Materials (25%), Manufacturer Customer Service Representative (25%), Attorney (17%), and Brochures (8%). Thirty-three percent (33%) of the participants with mediated outcomes stated they were informed of the Arbitration Program by mailed or emailed information. The other 67% reported “*other*” as their means of communication about the program.

Filing of the claim with NCDS. To identify consumer’s experience related to the actual filing of their claim with NCDS, participants were asked questions associated with the filing method and the clarity of the instructions. One hundred percent (100%) of the participants reported they used an E-file method to file their claim. The respondents were then asked how clear the instructions were for filing their claim of which 100% of the participants indicated the instructions on the claim form were “*very clear*.” Once the participants filed their claim with NCDS, 92% reported it took one or two business days for NCDS to acknowledge their claim and initiate the administrative process. The remaining 8% stated it took “*greater than two business days*.”

Experience after filing a claim with NCDS. To capture the pre-hearing process, respondents were asked to rate their experience after they filed their claim with NCDS. Based on the results, it was found that 100% of participants received and reviewed the Frequently Asked Questions (FAQs) at www.ncdsusa.org. The information presented in the FAQs was “*very clear*” as reported by 92% of the respondents “and 8% stated “*somewhat clear*.” Seventy-five percent (75%) of the participants stated the information presented in the FAQs was “*very helpful*” while 25% reported it was “*moderately helpful*.”

When asked if participants received or reviewed the Non-Binding Arbitration Program Rules at www.ncdsusa.org, 92% reported “*yes*,” however, 83% stated they had reviewed the Rules. The Program Rules were “*very clear*” to 75% of participants and “*somewhat clear*” to 17% of participants, while 8% reported they did not know. The respondents were then asked if the Program Rules were helpful in explaining the arbitration process of which 75% stated they were “*very helpful*” and 17% responded they were “*moderately helpful*.” Eight percent (8%) reported they did not know.

Post-award experience. In this section of the survey, respondents reported their resolution outcomes. Sixty-four percent (64%) stated that they had agreed to a refund, 18% stated that the manufacturer reimbursed them for incidental costs associated with the repair of their car, and 18% reported that a repair was granted,

The settlement of claim. To assess the settlement of the consumer’s claim, participants were asked if they agreed to settle their case with the manufacturer before the case proceeded to arbitration of which 92% of respondents stated “*yes*” and 8% reported “*no*.” The respondents who stated “*yes*” to agree to settle their case with the manufacturer were then asked what best described the relief provided in their settlement of claim. (See above).

After the consumer reached a settlement, 55% of the respondents reported they received a letter from NCDS explaining the terms of the settlement and 45% did not receive a letter. After the consumer received their settlement confirmation the results show that 9% of respondents did pursue their case further and 91% did not pursue their case further. Of the participants who decided to pursue their case further, 100% reported they “*re-initiated contact with NCDS*.” This line of questioning was to understand if the consumer pursued any course of action or follow-up for any reason after accepting their settlement.

Satisfaction with NCDS processing claim. To measure consumers’ satisfaction with NCDS processing their “mediated” claims, respondents were asked to rate NCDS in four different areas. In the rating the timeliness of the communication with NCDS administration, 92% rated it as “*excellent*” and 8% stated it was “*good*.” When participants were asked to rate the helpfulness of the NCDS staff, 83% rated it as “*excellent*” and 8% rated it as “*good*,” while 8% reported they did not know. Eighty-three percent (83%) rated their overall experience with the program as “*excellent*,” 8% rated it as “*good*,” and 8% rated it as “*fair*.” When respondents were asked whether they would recommend the Arbitration Program to friends and family, 92% responded “*yes*.”

B. RECORDKEEPING, ACCURACY AND COMPLETENESS

FTC Rule 703.6. mandates various recordkeeping functions,⁷⁴ all of which have been previously discussed in Section IV. For the California field audit, the auditor requested a random sample of 40 case files drawn from all cases closed during the audit period and examined them to determine whether they were complete and available for the Audit Report.

FINDINGS

⁷⁴ FTC Rule 703.6 (a)(1)-(12) states:

- (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.
 - (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) 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;
 - (9) A copy of the disclosure to the parties of the decision;
 - (10) A statement of the warrantor's intended actions(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.

The results of the random sample inspection of case file folders, confined to § 703.6(a)(1-5), confirm compliance. All case files contained the customer's name, address, and telephone number. The name and address of the warrantor's contact person were included with the initial correspondence that the customer receives from the program. In addition, the various regional office contact addresses and phone numbers were included in each Owner's Manual that accompanies all new vehicles when they are delivered to the consumer.

All case files inspected contained the make and vehicle identification number (VIN) of the vehicle, along with the date of the dispute and the date of the disclosure of the decision. Some files contained letters and additional documents, primarily filed by the consumer. However, there is no way to measure this item, thus the auditor has determined this section to be inapplicable.

The requirements for subsections 6-7 were also met. Oral presentations are a basic component of the NCDS program and § 703.6(a)(7) of Magnuson-Moss requires summaries of the oral presentations to be placed in the case file. In the case files reviewed for this region, NCDS was in full compliance.

A critical part of the NCDS program and Magnuson-Moss specifically is the disclosure of the arbitrator's decision (subsections 8-9). The statute mandates that a copy of the decision be inserted into the file and available for review during the annual audit. Unless a case was withdrawn or settled prior to hearing, all files the auditor reviewed contained this information.

Under subsection 10, the warrantor's intended action(s) and performance are linked together. The auditor validates this item in terms of performance verification, which is the responsibility of NCDS. NCDS' protocol is to send a survey to the customer following receipt of the customer's acceptance of an arbitral award which grants a remedy. The survey asks whether the required performance has taken place. As noted elsewhere in this Audit and in prior audits, few returned forms exist in the file. 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 implemented per the award. It is appropriate to assume, in the absence of conflicting data, that performance has taken place. If a manufacturer were to attempt to avoid its statutory obligations, this fact would surface in the context of the national random survey of customers who have used the program, and it does not. Performance verification status should and does appear in the case file as is indicated by sections 11 and 12 below.

Section 11 above is not applicable for purposes of this audit because there is no practical means by which to verify the completeness and accuracy of additions to the files. Section 12, however, suggests that a summary form be created whenever the arbitrator receives an oral communication from either party involving the issue in dispute. This is most likely to occur at the oral hearing, in which case the communications are summarized in the arbitrator's decision. All summaries are included in the case file.

CONCLUSION

The auditor concludes that the NCDS Automobile Warranty Arbitration Program's record keeping policies and procedures in California cases are in substantial compliance with FTC Rule 703 and all California regulations.

C. CASE FILE RECORDS (4 yrs. 2021-2024)⁷⁵

FINDINGS

A random sample of case numbers from the years 2021 through 2024 was drawn from the NCDS data base. Inspection of this sample verified that they were being maintained per requirement § 703.6(f).

Closed files are stored at an off-site record storage facility of the NCDS Dallas, Texas office. The auditor did not inspect the off-site facility for this year's audit. The files, however, were intact and readily available for inspection electronically. Cases drawn from the four-year universe were maintained in accordance with this statutory requirement.

D. ARBITRATION/HEARING RECORDS

FINDINGS

Case file folders

This information, which is maintained in NCDS headquarters, is found on a series of forms in NCDS case files.

Arbitrator Biographies

The arbitrator biographies for the national program are available for review in National Center for Dispute Settlement headquarters in Dallas, Texas. A random review of such biographies indicate that arbitrator biographies are thorough and current. The list of arbitrators for each district includes the dates of their appointments.

E. HEARING PROCESS

NOTE: Each year, the auditor observes a randomly selected hearings to determine whether the program meets the requirements of Magnuson-Moss and the applicable state regulations governing the arbitration program. While an on-site review is essential in making a thorough evaluation of the hearing process (hearing nuances and subtleties are best assessed with the human eye), post-pandemic, most hearings continued to be conducted via teleconference.

FINDINGS

The California hearing occurred on May 27, 2025.

⁷⁵ FTC Rule 703.6(f) states:

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.

Physical Description of Hearing

The arbitrator conducted a teleconference hearing. Those in attendance included the arbitrator, the manufacturer representative, a representative from the Arbitration Certification Program ("ACP") in California, and the auditor.

Openness of Hearing

The hearing began at 11:20 EST, 8:20 PT. The arbitrator explained to the parties that the auditor would be observing the hearing. Under the "*California Dispute Settlement Hearing Process Rules*," and consistent with § 703.8, the hearings are open to observers who agree to abide by the program's rules.

Efficiency of Hearing

The arbitrator's case file was complete with all required documents. The arbitrator verified that he had received the meeting packet timely, and that he had received a completed manufacturer's response form. Next, the arbitrator provided an extensive opening statement, explaining the hearing protocols, and how the evidence would be submitted and reviewed. The arbitrator confirmed that he had no known conflicts of interest with any of the parties or the dispute itself. Before the hearing commenced, the arbitrator confirmed the nature of the remedy which the consumer was seeking, in this case, a repurchase remedy.

Throughout the entire hearing, the ACP representative was given an opportunity to ask questions of the consumer.

After hearing the customer's opening statement, the Manufacturer's opening statement, and each party's closing statement, the arbitrator concluded the hearing by stating, "You will receive a decision in writing, through CDSP."

Board/Arbitrator Decisions (Awards)

The auditor reviewed the arbitrator's award.⁷⁶ The arbitrator's award passed the test for accuracy, completeness, consistency, and rationale. The arbitrator's award began by noting all

⁷⁶ THE CALIFORNIA CODE OF REGULATIONS, CCR 3398.5 **Investigation of Facts** requires the following in all awards, including those conducted *ex parte*.

(c) When the consumer's complaint, or the manufacturer's response, or any evidence gathered by or submitted to the arbitration program, raises any of the following issues, the program shall investigate those issues:

- (1) Whether the program has jurisdiction to decide the dispute.
- (2) Whether there is a nonconformity (Section 3396.1(l)).
- (3) Whether the nonconformity is a substantial nonconformity (Section 3396.1(m))
- (4) The cause or causes of a nonconformity.
- (5) Whether the causes of a nonconformity include unreasonable use of the vehicle.
- (6) The number of repair attempts.

participants, which included the auditor. Next, the arbitrator delineated the various forms of evidence that the parties presented at the hearing. The arbitrator's award included a detailed explanation of the parties' positions, and what each party was seeking by way of relief. The award concluded with an explanation of the Mag-Moss threshold (*i.e.*, substantial impairment of the use, value, or safety of the vehicle) and the evidentiary standard for prevailing in arbitration. In this case, the arbitrator's award established that the customer did NOT prove, by a preponderance of credible evidence, the existence of a non-conformity that "substantially impaired the use, value or safety of the vehicle."

The arbitrator's award included all 18 findings required by California law, CCR 3398.5(c).

CONCLUSION

The auditor concludes that the NCDS Auto Warranty Arbitration Program, as it operates in California, is in **substantial compliance** with the requirements of FTC Rule 703 and all California regulations.

- (7) The time out of service for repair.
- (8) Whether the manufacturer has had a reasonable opportunity to repair the vehicle.
- (9) Factors that may affect the reasonableness of the number of repair attempts.
- (10) Other factors that may affect the consumer's right to a replacement of the vehicle or restitution under Civil Code Section 1793.2(d)(2).
- (11) Facts that may give rise to a presumption under Civil Code Section 1793.2(d)(2).
- (12) Factors that may rebut any presumption under Civil Code Section 1793.22(b).
- (13) Whether a further repair attempt is likely to remedy the nonconformity.
- (14) The existence and amount of any incidental damages, including but not limited to sales taxes, license fees, registration fees, other official fees, prepayment penalties, early termination charges, earned finance charges, and repair, towing and rental costs, actually paid, incurred or to be incurred by the consumer.
- (15) Factors that may affect the manufacturer's right to an offset for mileage under Civil Code Section 1793.2(d).
- (16) Facts for determining the amount of any offset for mileage under Civil Code Section 1793.2(d) if an offset is appropriate.
- (17) Factors that may affect any other remedy under the applicable law.
- (18) Any other issue that is relevant to the particular dispute.

Ohio

A. CASE LOAD AND BASIC STATISTICS, AND CONSUMER SURVEY RESPONSES

The survey for Ohio consisted of 136 closed NCDS cases, which included 18 mediated cases.⁷⁷ From this universe, we surveyed 22 customers. Consistent with prior audits, surveyed customers' level of program satisfaction, including arbitrator performance, directly correlates to whether they achieved the desired outcome in arbitration. The percentage of adverse arbitration decisions in Ohio accounted for 86% of the total cases, per the table below.

| Survey | Cases |
|--|---------------|
| Ohio - Arbitrated Awarded | 16 |
| Ohio - Arbitrated Awarded No Action | 102 |
| Total Cases | 118 |
| Percentage of Adverse Decisions | 86.44% |

The following table breaks down the sample size and response rate based on case outcome, followed by a breakdown of consumer responses.

| Survey | Population | Sample Size | Response Rate % |
|-------------------------------------|------------|-------------|-----------------|
| Ohio - Arbitrated Awarded | 16 | 3 | 19% |
| Ohio - Arbitrated Awarded No Action | 102 | 12 | 12% |
| Ohio - Mediated | 18 | 7 | 39% |
| Total | 136 | 22 | 16% |

OHIO ARBITRATED CASES AWARDED SURVEY RESULTS⁷⁸

Pre-filing experience with dealer or manufacturer. To understand the consumers' pre-filing experience, respondents were asked broad questions related to their pre-filing contacts with either the dealer or the manufacturer. The results show before filing a claim with NCDS, 100% of the participants attempted to discuss their concerns with the manufacturer directly. When asked how many times the dealer or manufacturer attempted to repair their vehicle, 33% stated, "one time" and 67% reported "more than three times." Thirty-three percent of the participants (33%) learned of the NCDS Arbitration Program through Glove-Box Materials, 33% learned from Internet or Social Media, 33% were informed through a State Government Agency, and 33% specified 'Other.'

⁷⁷ See FN 71 for explanation of statistical variances.

⁷⁸ Ohio Overall Audit Survey Results Key Findings are part of the Appendix which appear in a separate PDF document filed with the audit.

Filing of the claim with NCDS. To identify consumers' experience related to the actual filing of their claim with NCDS, participants were asked questions associated with the filing method, clarity of instructions, and style of hearing. Sixty-seven percent (67%) reported that they used an E-file method to file the claim and 33% mailed the claim. One hundred percent (100%) of those that E-filed the claim reported that it took NCDS "*two business days*" to contact them. One hundred percent (100%) of those that mailed the claim reported that it took NCDS "*one business day*" to contact them after they mailed it and received an acknowledgement from NCDS. Consumers were then asked how clear the instructions were for filing their claim. Sixty-seven percent (67%) stated that the instructions on the claim form were "*very clear*" and 33% reported that they were "*somewhat clear*." One hundred percent (100) of the respondents reported that the instructions were "*moderately helpful*."

Experience after filing a claim with NCDS. To capture the pre-hearing process, respondents were asked to rate their experience after they filed their claim with NCDS. Based on the results, 100% of the participants stated that they received and reviewed the Frequently Asked Questions ("FAQ") packet at www.ncdsusa.org. Thirty-three percent (33%) of the participants found the information presented in the FAQ to be "*very clear*," while 67% found it to be "*somewhat clear*." One hundred percent (100%) of the respondents found the information to be "*moderately helpful*."

When asked if participants received and reviewed the Non-Binding Program Rules at www.ncdsusa.org, 100% of the participants reported "yes." All participants found the Program Rules "*somewhat clear*, with 33% reporting the Program Rules were "*very helpful*" and 67% reporting they were "*moderately helpful*" in explaining the arbitration process. While all participants (100%) indicated that they received a hearing notice from NCDS, they did not retain an attorney to represent them in the hearing.

Sixty-seven percent (67%) of the participants chose a "documents only" hearing as their hearing format. In explaining their decision, 33% of the participants indicated that it was more convenient to have an arbitration panel review their documents and render a decision and 33% stated "other" but they did not specify any reasons.

The evidentiary hearing process. To assess the evidentiary hearing process, participants were asked to convey their experience with its distinct phases. All participants (100%) responded that the arbitrator did not start the hearing on time and did not explain the process to both parties.⁷⁹ One hundred percent (100%) reported that the arbitrator provided the parties with a "*full and fair*" opportunity to present their proofs. No participant requested a third-party independent technical inspection of the vehicle.

Post-award experience. Next, it was important to evaluate the consumers' experience after they received their award. When it was time to communicate the award to the consumer, all participants (100%) responded that the decision was e-mailed. Sixty-seven percent (67%) of the respondents reported they received a refund and 33% received a repair. One hundred percent (100%) of all participants also

⁷⁹ The respondent explained that the reason the arbitrator did not start the hearing on time was because he waited for the manufacturer's representative to appear. (Arbitrators are cautioned NOT to start the hearing until all parties are present). Since the hearing did not start on time, there is a possibility the consumer did not feel the arbitrator clarified the hearing process during this time or once they joined (meaning the explanation to them was not clear enough or evident of the process).

reported that the arbitrator accurately identified the nature of the non-conformity and included a summary of what transpired at the hearing in the actual decision. All participants (100%) stated that the arbitrator's decision was "*clear*," and that the arbitrator rendered a reasoned decision. All participants reported they did return the NCDS Decision Acceptance/Rejection Form.

Arbitrator satisfaction. To understand arbitrator satisfaction among the consumers, the participants were asked how well the arbitrator understood their case. Sixty-seven percent (67%) of the participants rated the arbitrator's understanding of the case as "*excellent*," the arbitrator's objectivity and fairness as "*excellent*," and the arbitrator's impartiality during the hearing and in the decision-making process as "*excellent*." Thirty-three percent (33%) of the participants rated the arbitrator's understanding of the case as "*good*," and 33% rated the arbitrator's objectivity and fairness, and impartiality as "*average*."

Satisfaction with NCDS processing claim. To measure consumers' satisfaction with NCDS processing their claims, respondents were asked to rate NCDS in four different areas. First, respondents were asked to rate the **timeliness** of the communications between them and NCDS staff. Sixty-seven percent (67%) rated the timeliness aspect of the communications as "*excellent*" and 33% rated it as "*good*." Next, participants were asked to rate the **helpfulness** of the NCDS staff. Thirty-three percent (33%) rated the helpfulness of the staff as "*excellent*" and 67% rated it as "*good*." To help gauge consumers' experience with the arbitration program, participants were asked to rate their **overall participation** in the NCDS Arbitration Program. For this question, 33% rated NCDS as "*excellent*," 33% rated it as "*fair*," and 33% responded that they were "*poor*." Lastly, respondents were asked if they would recommend the Arbitration Program to friends and family. Sixty-seven percent (67%) responded "*yes*," and the other participants responded "*no*."

OHIO ARBITRATED CASES AWARDED NO ACTION SURVEY RESULTS

Pre-filing experience with dealer or manufacturer. To understand the consumers' pre-filing experience, respondents were asked broad questions related to their pre-filing experience with either the dealer or the manufacturer. The results show before filing a claim with NCDS, 92% of the participants reported that they attempted to contact the manufacturer directly and 8% did not. When asked how many times the dealer or manufacturer attempted to repair their vehicle, 17% stated "*one time*," 17% stated "*three times*," and 67% stated "*more than three times*." Those who stated more than "*three times*" did not specify how many repair attempts were made on their vehicle before they filed their claim with NCDS. Most participants reported they learned about the NCDS Non-Binding Automobile Warranty Arbitration Program through a Manufacturer Customer Service Representative (42%) and Glove Box Materials (25%). There were other resources participants noted but were not as prevalent. Twenty-nine percent (29%) of the participants stated they were informed of the Arbitration Program from the manufacturer or dealer over the phone, 58% stated "*Mailed or E-mailed Information*" and 14% percent stated "*other*." Participants in the latter group did not identify their sources.

Filing of the claim with NCDS. To identify consumers' experience related to the actual filing of their claim with NCDS participants were asked questions related to the filing method, clarity of instructions, and style of hearing. Ninety-two percent (92%) of the participants reported they used an E-File method to file their claim and 8% mailed the claim. For those the E-filed the claim, once their claim was filed with NCDS, 9% stated that it took "*one business day*" for NCDS personnel to contact and verify their filing, 55% stated it took "*two business days*," and 37% stated that the confirmation "*exceeded two business days*." For the participants that mailed their claim, 100% stated it took NCDS "*two business days*"

to contact them after they received an acknowledgement that the claim had been received. The respondents were then asked how clear the instructions were for filing their claim. Forty percent (25%) of the survey population indicated the instructions on the claim form were "*very clear*," 50% stated the instructions were "*somewhat clear*," and 25% stated that the instructions were "*not clear*."

Experience after filing a claim with NCDS. To capture the pre-hearing process, respondents were asked to rate their experience after they filed their claim with NCDS. Based on the results, it was found that 58% of participants received and reviewed the Frequently Asked Questions ("FAQs") www.ncdsusa.org and 42% of the surveyed population reported they did not receive the packet. The information presented in the FAQs was "*very clear*" as reported by 25% of the respondents, "*somewhat clear*" by 33% of respondents, with another 42% percent reporting that the information was "*not clear*" or "*do not know*." Twenty-five percent (25%) of participants reported the information presented in the FAQs was "*very helpful*," 17% reported it was "*moderately helpful*," 33% reported "*not at all helpful*," and 25% reported "*do not know*."

When asked if participants received and reviewed the Non-Binding Program Rules at www.ncdsusa.org, 92% reported "*yes*" while 8% reported "*no*." The Program Rules were "*very clear*" to 17% of participants and "*somewhat clear*" to another 67%. Twenty percent (17%) of the participants stated that the Program Rules were "*not clear*." The respondents were then asked if the Program Rules were helpful in explaining the arbitration process of which 17% stated they were "*very helpful*," 58% stated they were "*moderately helpful*," and 25% reported they were "*not helpful at all*." Ninety-two percent (92%) of the participants stated they received a hearing notice from NCDS. Seventeen percent (17%) of the participants retained an attorney to represent them at the hearing; 83% did not retain counsel for this purpose. Seventy percent (75%) of the participants chose a "*documents only*" hearing as their hearing format. In explaining their decision, 8% of the participants indicated that it was more convenient to have an arbitration panel review their documents and render a decision, while another 17% stated they could not take time off from work. Eight percent (8%) reported they did not choose the "*documents only*" hearing for family or health reasons and 42% stated "*other*" but they did not specify any reasons.

The evidentiary hearing process. To assess the actual evidentiary process, participants were asked to convey their experience with distinct phases of the hearing process. Of those respondents who participated in the evidentiary hearing, 100% reported that the arbitrator started the hearing on time. It was also reported by 100% of respondents that the arbitrator explained the hearing process to both parties. When asked if the arbitrator allowed both parties a full and fair opportunity to present their proofs, 67% responded "*yes*." Not a single participant requested a third-party independent technical inspection of the vehicle.

Post-award experience. Next, it was important to evaluate the consumers' experience after they received their award. When it was time to communicate the award to the consumer, 83% of the total sample population stated the arbitrator communicated their award by "*E-mail*" and 17% reported it was by written submission." Ninety-two percent (92%) of the participants reported they received no award, while 8% stated that the arbitrator awarded a repair.⁸⁰

⁸⁰ This is a discordant consumer response. Had the consumer received an award, including a repair, the case would have been classified under "Awarded Cases."

Ninety-two percent (92%) of the participants stated that the arbitrator did not accurately identify the nature of the non-conformity they alleged in their claim. Forty-two percent (42%) reported that the arbitrator included a summary of the testimony at the hearing while 58% reported the arbitrator did not include a summary. With respect to the arbitrator's award, 33% of the participants stated the arbitrator's award was clear while 67% said the award was not clear. Some participants (42%) stated that the arbitrator rendered a reasoned award, which meant that although this group of participants did not prevail on their claim, they found the arbitrator's explanation of the decision to be well-rationalized. The remaining 58% stated that the arbitrator did not render a reasoned award. This last set of responses is at variance with the auditor's review of case files and arbitral awards. All awards reviewed by the auditor contained an explanation of how the arbitrator reached his/her decision, using the decision-tree as the appropriate template. Forty-two percent (42%) of the survey population returned to NCDS the Decision Acceptance/Rejection Form.

Arbitrator satisfaction. To understand arbitrator satisfaction among the consumers, the participants were asked how well the arbitrator understood their case of which 75% reported "poor" and 25% reported "average." The arbitrator's objectivity and fairness were rated as "poor" by 83% of respondents and "average" by 17%. The participants were then asked to rate the arbitrator's impartiality during the hearing of which 83% rated their arbitrator as "poor," 8% rated their arbitrator as "average," and 8% rated their arbitrator as "excellent." Regarding the arbitrator's impartiality with respect to the decision, 60% reported it as "poor," 30% as "average" and 10% as "excellent."

Satisfaction with NCDS processing claim. To measure consumers' satisfaction with NCDS processing their claims, respondents were asked to rate NCDS in four different areas. Respondents were first asked to rate the timeliness of the communications between them and NCDS staff. Eight percent (8%) rated timeliness as "excellent" and 92% rated it as "poor." Next, participants were asked to rate the helpfulness of the NCDS staff. Twenty-five percent (25%) rated helpfulness as "excellent," 17% rated it as "good," 17% rated it as "fair," and 42% rated it as "poor." To help gauge consumers' experience with the arbitration program, participants were asked to rate their overall participation in the NCDS Arbitration Program. Eighty-three percent (83%) of survey participants rated their overall experience as "poor" and 17% rated it as "fair." Finally, respondents were asked if they would recommend the Arbitration Program to friends and family. One hundred percent (100%) responded "no."

OHIO MEDIATED CASES SURVEY RESULTS

Pre-filing experience with dealer or manufacturer. To understand the consumers' pre-filing experience, respondents were asked broad questions related to their pre-filing experience with the manufacturer. The results show before filing a claim with NCDS, 100% of participants reported that they attempted to contact the manufacturer directly to discuss their concerns. When asked how many times the dealer or manufacturer attempted to repair their vehicle, 43% of respondents stated "other" which was more than three times, 43% reported "two times" and 14% reported "one time." Most participants reported they learned about the NCDS Non-Binding Automobile Warranty Arbitration Program through Glove-Box Materials (57%). Other methods participants reported learning through were Manufacturer Customer Service Representative (14%), Other Manufacturer Representative (14%), Dealership Personnel (14%) and State Government Agency (29%). Thirty-three percent (33%) of the participants who learned about the NCDS Non-Binding Automobile Warranty Arbitration Program through the dealership or manufacturer

stated they were informed of the Arbitration Program from the manufacturer or dealer over the phone and 67% of participants stated “other.”

Filing of the claim with NCDS. To identify consumers’ experience concerning the actual filing of their claim with NCDS participants were asked questions related to the filing method, clarity of instructions, and style of hearing. All participants (100%) reported they used an E-File method to file their claim. The respondents were then asked how clear the instructions were for filing their claim of which 86% indicated the instructions on the claim form were “*very clear*” and 14% stated the instructions were “*somewhat clear*.” Once the participants E-filed their claim with NCDS, 43% reported that it took “*two business days*” for NCDS to acknowledge their claim, while 57% reported that it took “*one business day*.”

Experience after filing a claim with NCDS. To capture the pre-hearing process, respondents were asked to rate their experience after they filed their claim with NCDS. Based on the results, it was found that 100% of participants received and reviewed the Frequently Asked Questions (FAQs) packet at www.ncdsusa.org. The information presented in the FAQs was “*very clear*” as reported by 71% of the respondents while 29% reported it was “*somewhat clear*.” Most participants (86%) stated the information presented in the FAQs was “*very helpful*” and 14% stated the information presented was “*moderately helpful*.”

When asked if participants received the Non-Binding Program Rules at www.ncdsusa.org, 100% respondents reported “*yes*.” One hundred percent (100%) of respondents reported that they received and reviewed the Non-Binding Program Rules. The Program Rules were “*very clear*” to 71% of the participants “and *somewhat clear*” to 29%. The respondents were then asked if the Program Rules were helpful in explaining the arbitration process of which 71% stated they were “*very helpful*” and 29% acknowledged they were “*moderately helpful*” in explaining the arbitration process.

The settlement of claim. To assess the settlement of the consumer’s claim, participants were asked if they agreed to settle their case with the manufacturer before the case proceeded to arbitration of which 100% of respondents stated “*yes*.” The respondents were then asked what best described the relief provided in their settlement of claim. Forty-three percent (43%) reported the relief awarded to them by the arbitrator was a refund, where the manufacturer would give money for their car, 43% reported a replacement, where the manufacturer would replace your existing car with a new car and 14% reported a repair was received.

After the consumer reached a settlement, 86% of the respondents reported they received a letter from NCDS explaining the terms of the settlement and 14% did not receive a letter. After the consumer received their settlement confirmation the results show that 14% of respondents did pursue their case further and 86% did not pursue their case further. Of the participants who decided to pursue their case further, 100% reported they “*contacted dealer or manufacturer*.” This line of questioning was to understand if the consumer pursued any course of action or follow-up for any reason after accepting their settlement.

Satisfaction with NCDS processing claim. To measure consumers’ satisfaction with NCDS processing their claims, respondents were asked to rate NCDS in four different areas. Respondents were asked to rate the timeliness of the communications between them and NCDS staff of which 71% rated the timeliness of communications as “*excellent*,” 14% rated it as “*good*,” and 14% reported it as “*fair*.” Next, participants were asked to rate the helpfulness of the NCDS staff. Fifty-seven percent (57%) rated the helpfulness of NCDS staff as “*excellent*” and 43% rated it as “*good*.” To help gauge consumers’ experience

with the arbitration program, participants were asked to rate their overall experience under the Arbitration Program of which 57% rated it as “*excellent*,” 29% rated it as “*good*,” and 14% rated it as “*fair*.” Finally, respondents were asked if they would recommend the Arbitration Program to friends and family and 100% responded “*yes*.”

RECORDKEEPING, ACCURACY AND COMPLETENESS

FTC Rule 703.6. mandates various recordkeeping functions, all of which have been previously discussed in Section IV. For the Ohio field audit, the auditor requested a random sample of 30 case files drawn from all cases closed during the audit period and examined them to determine whether they were complete and available for audit.

FINDINGS

The results of the random sample inspection of case file folders, confined to § 703.6(a)(1-5), confirm compliance. All case files contained the customer’s name, address, and telephone number. The name and address of the warrantor’s contact person were included with the initial correspondence that the customer receives from the program. In addition, the various regional office contact addresses and phone number were included in each Owner’s Manual that accompanies all new vehicles when they are delivered to the consumer.

All case files inspected contained the make and vehicle identification number (VIN) of the vehicle, along with the date of the dispute and the date of the disclosure of the decision. Some files contained letters and additional documents, primarily filed by the consumer. However, there is no way to measure this item, thus the auditor has determined this section to be inapplicable.

The requirements for subsections 6-7 were also met. Oral presentations are a basic component of the NCDS program and § 703.6(a)(7) of Magnuson-Moss requires summaries of the oral presentations to be placed in the case file. In the case files reviewed for this region, NCDS was in full compliance.

A critical part of the NCDS program and Magnuson-Moss specifically is the disclosure of the arbitrator’s decision (subsections 8-9). The statute mandates that a copy of the decision be inserted into the file and available for review during the annual audit. Unless a case was withdrawn or settled prior to hearing, all files the auditor reviewed contained this information.

Under subsection ten, the warrantor’s intended action(s) and performance are linked together. The auditor validates this item in terms of performance verification, which is the responsibility of NCDS. NCDS’ protocol is to send a survey to the customer following receipt of the customer’s acceptance of an arbitral award which grants a remedy. The survey asks whether the required performance has taken place. As noted elsewhere in this audit and in prior audits, few returned forms exist in the file. 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 implemented per the award. It is appropriate to assume, in the absence of conflicting data, that performance has taken place. If a manufacturer were to attempt to avoid its statutory obligations, this fact would surface in the context of the national random survey of

customers who have used the program, and it does not. Performance verification status should and does appear in the case file as is indicated by sections 11 and 12 below.

Section 11 above is not applicable for purposes of this audit because there is no practical means by which to verify the completeness and accuracy of additions to the files. Section 12, however, suggests that a summary form be created whenever the arbitrator receives an oral communication from either party involving the issue in dispute. This is most likely to occur at the oral hearing, in which case the communications are summarized in the arbitrator's decision. All summaries are included in the case file.

CONCLUSION

The auditor concludes that the NCDS Automobile Warranty Arbitration Program's record keeping policies and procedures in Ohio are in substantial compliance with FTC Rule 703 requirements and all Ohio regulations.

B. CASE FILE RECORDS (4 yrs. 2021-2024)⁸¹

FINDINGS

A random sample of case numbers from the years 2021 through 2024 was drawn from the NCDS data base. Inspection of this sample verified that they were being maintained per requirement § 703.6(f).

Closed files are stored at an off-site record storage facility of the NCDS Dallas, Texas office. The auditor did not inspect the off-site facility for this year's audit. The files the auditor reviewed, however, were intact and readily available for inspection. Cases drawn from the four-year universe were maintained in accordance with this statutory requirement.

C. ARBITRATION/HEARING RECORDS

FINDINGS

Case file folders

This information, which is maintained in NCDS headquarters, is found on a series of forms in NCDS case files.

Arbitrator Biographies

⁸¹ FTC Rule 703.6(f) states:

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 arbitrator biographies for the national program are available for review in National Center for Dispute Settlement headquarters in Dallas, Texas. A random review of such biographies indicate that arbitrator biographies are thorough and current. The list of arbitrators for each district includes the dates of their appointments.

D. HEARING PROCESS

FINDINGS

Following is a summary of the auditor's observations of a three-person board hearing. Prior to observing the hearing, the auditor was provided with the board's agenda, which included a list of all cases that would be heard by documents only.

Physical Description of Hearing Conducted on May 27, 2025

The hearing, which began at 1:00 PM, was "documents only" and consisted of 29 cases involving certified and non-certified participating manufacturers.⁸² Since this was a telephonic hearing, a room check to assess obstruction was not conducted.

Openness of Arbitration Hearing

The chair confirmed that the "documents only" hearing was open to the auditor to observe.

Hearing Formalities

The chair provided a general overview of the protocols the board would follow, including a discussion of each case file, findings, and the recommended decision. Each board member attested to their qualifications to serve.

Efficiency of Arbitration Hearing

Once the hearing opened, the panel proceeded to review each case submitted for determination on documents only. Panel members took turns summarizing the customer's claim and the evidence. Independently, each board member recommended an outcome, based on the evidence submitted.

Hearing Process

The hearing was properly conducted. Panel members were thoughtful and deliberate in their discussion of the evidence. The format permitted each member to assume an equal role in the decision-making process. There was ample opportunity for the panel members to discuss whether a particular claim met the statutory threshold and, if so, the appropriate remedy under Mag-Moss. The hearing, which spanned approximately 75 minutes, met the hallmarks of efficiency without compromising thoroughness.

⁸² There were 17 FCA claims, 5 Honda claims, 1 Mitsubishi claim, 4 Tesla claims, and 2 Toyota claims (29 cases total).

Arbitration Decisions

All decisions reviewed by the auditor were consistent with applicable regulations and the NCDS program rules. The decisions cited the written evidence presented and concluded with an award which briefly explained the rationale. It is beyond the purview of the auditor to comment on the correctness of the awards.

FINDINGS WITH RESPECT TO THE DECISION-MAKING PROCESS

The auditor found that the decision-making process was well-structured and allowed for full engagement of each arbitrator. Panel members were tasked with reviewing each case file before the hearing convened, thus maximizing the actual hearing time. Consensus was readily reached once a panel member explained their recommendation and justification. Despite the fluidity of this process, one improvement would be to provide a more detailed explanation of why a particular defect, if found, did not qualify for a remedy. *See Summary of Auditor's Recommendations*, page 90.

CONCLUSION

The auditor concludes that the NCDS Automobile Warranty Arbitration Program, as it operates in Ohio, is in substantial compliance with the FTC Rule 703 and all Ohio regulations.

Florida

A. CASE LOAD AND BASIC STATISTICS, AND CONSUMER SURVEY RESPONSES

The survey for Florida consisted of 371 closed NCDS cases, of which 54 cases were mediated.⁸³ From this universe, we surveyed 38 customers. Consistent with the prior audits, surveyed customers' level of program satisfaction, including arbitrator performance, directly correlates to whether they achieved the desired outcome in arbitration. The percentage of adverse arbitration decisions in Florida accounted for 87% of the total cases, per the table below.

| Survey | Cases |
|--|---------------|
| Florida - Arbitrated Awarded | 40 |
| Florida - Arbitrated Awarded No Action | 277 |
| Total Cases | 317 |
| Percentage of Adverse Decisions | 87.38% |

The following table breaks down the sample size and response rate based on case outcome, followed by a breakdown of consumer responses.

| Survey | Population | Sample Size | Response Rate % |
|--|------------|-------------|-----------------|
| Florida - Arbitrated Awarded | 40 | 3 | 8% |
| Florida - Arbitrated Awarded No Action | 277 | 31 | 11% |
| Florida – Mediated | 54 | 4 | 7% |
| Total | 371 | 38 | 10% |

ARBITRATED CASES AWARDED SURVEY RESULTS

Pre-filing experience with dealer or manufacturer. To understand the consumers' pre-filing experience, respondents were asked broad questions related to their pre-filing experience with either the dealer or the manufacturer. The results show that before filing a claim with NCDS, 100% of the participants reported that they attempted to contact the manufacturer directly to address their concerns. When asked how many times the dealer or manufacturer attempted to repair their vehicle, 100% of the participants stated, "*more than three times.*" Thirty-three percent (33%) of the participants reported they learned about the NCDS Non-Binding Automobile Warranty Arbitration Program through Dealership Personnel, 33% reported Internet or Social Media and 33% stated Prior Program Knowledge.

Filing of the claim with NCDS. To identify consumers' experience related to the actual filing of their claim with NCDS participants were asked questions related to the filing method, clarity of instructions, and style of hearing. One Hundred percent (100%) of the participants reported they used an

⁸³ Statistics may appear to be at odds with one another. This is due to data being collected and reported based on different regulatory mandates using different terminology for similar concepts. Important distinctions are noted.

E-File method to file the claim. The respondents were then asked how clear the instructions were for filing their claim. One hundred percent (100%) of the participants found the instructions for filing the claim *"very clear."* After E-filing the claim, 100% of the participants stated that it took *"one business day"* for NCDS to contact them.

Experience after filing a claim with NCDS. To capture the pre-hearing process, respondents were asked to rate their experience after they filed their claim with NCDS. Based on the results, it was found that 67% of the participants did receive the Frequently Asked Questions ("FAQs") packet at www.ncdsusa.org and 33% did not receive the packet. 100% of the participants who received the information stated they reviewed the FAQ. According to the participants, 67% found the information presented in the FAQs to be *"very clear"* and *"very helpful,"* while 33% found it to be *"somewhat clear"* and *"moderately helpful."*

When asked if participants received and reviewed the Non-Binding Program Rules at www.ncdsusa.org, 100% of the participants reported *"yes."* The Program Rules were rated *"very clear"* and *"very helpful"* by 100% of the participants in explaining the arbitration process. One hundred percent (100%) of the participants also reported that s/he received a hearing notice from NCDS, and after doing so, elected not to retain an attorney to be present at the hearing. Prior to receiving their hearing notice, participants were asked to declare their choice of hearing format. Thirty-six percent (67%) of the participants opted for a teleconference hearing. The other 33% elected a *"documents only"* hearing. Thirty-three percent (33%) of the participants electing a documents only hearing stated that they decided on this format because it was *"more convenient to have an arbitration panel review documents."*

The evidentiary hearing process. To assess the actual evidentiary process, participants were asked to convey their experience with distinct phases of the hearing process. One hundred percent (100%) of the participants reported that the arbitrator started the hearing on time and explained the arbitration process to both parties. Additionally, 100% of the participant stated that the arbitrator did allow both parties a full and fair opportunity to present their proofs. An independent technical inspection was requested by 50% of the participants.

Post-award experience. Next, it was important to evaluate the consumers' experience after they received their award. When it was time to communicate the award to the consumer, 100% of the participants stated that the arbitrator communicated their award by *"Email."* All the participants also stated that the arbitrator awarded a refund, an optimal remedy under the Automobile Warranty Arbitration Program.

The results show that 100% of the participants believe that the arbitrator accurately identified the nature of the non-conformity, and the arbitrator provided a summary of the testimony at the hearing.⁸⁴ In addition, 100% of the participants reported that the arbitrator's award was *"clear,"* and that the arbitrator provided a *"reasoned"* decision.

⁸⁴ This response is participant error. In teleconference cases, such as this case, oral testimony is summarized in detail in the awards. All awards are reviewed by the Operations Manager prior to release to ensure compliance with protocols. Not a single award reviewed by the auditor deviated from NCDS requirements.

Arbitrator satisfaction. To understand arbitrator satisfaction among the consumers, the participants were asked to rate the arbitrator's understanding of the facts of their case. One hundred percent (100%) of the participants reported that the arbitrator's understanding was "*excellent*," the arbitrator's objectivity and fairness was "*excellent*" and the arbitrator's impartiality during the hearing was also "*excellent*." The arbitrator's impartiality with respect to the decision was considered "*excellent*."

Satisfaction with NCDS processing claim. To measure consumer's satisfaction with NCDS in processing their claims, respondents were asked to rate NCDS in four different areas. First, respondents were asked to rate the timeliness of the communications between them and NCDS staff. One hundred percent (100%) of the participants rated NCDS's timeliness of communications as "*excellent*," and the helpfulness of the staff as "*excellent*." To help gauge consumers' experience with the arbitration program, participants were asked to rate their overall experience under the Arbitration Program. All the participants rated the overall experience as "*excellent*" and stated that s/he would recommend the NCDS Arbitration Program to friends or family.

ARBITRATED CASES AWARDED NO ACTION SURVEY RESULTS

Pre-filing experience with dealer or manufacturer. To understand the consumers' pre-filing experience, respondents were asked broad questions related to their pre-filing experience with either the dealer or the manufacturer. The results show before filing a claim with NCDS, 90% of participants reported that they attempted to seek recourse or help from the manufacturer directly and 10% did not. When asked how many times the dealer or manufacturer attempted to repair their vehicle, 3% of respondents stated, "*two times*," 26% reported "*three times*," and 71% reported "*other – more than three times*." When participants were asked how they learned about the NCDS Non-Binding Automobile Warranty Arbitration program, three primary methods were identified: Manufacturer Customer Service Representative (29%), Glove-Box Materials, (23%), and Internet or Social Media (19%). Sixteen percent (16%) stated they learned through "*other*" methods. Several other methods were identified but were not of significant percentages. Fifty-five percent (55%) of the participants stated they were informed of the Arbitration Program from the manufacturer or dealer through conversations over the phone while 27% reported "*other*." Nine percent (9%) reported "*mailed or e-mailed Information*" and another 9% reported "*showroom poster*."

Filing of the claim with NCDS. To identify consumers' experience related to the actual filing of their claim with NCDS participants were asked questions related to the filing method, clarity of instructions, and style of hearing. Eighty-seven percent (87%) reported they used an E-file method to file their claim while only 13% used a written submission claim form. The respondents were then asked how clear the instructions were for filing their claim. Forty-five percent (45%) of the respondents indicated that the instructions were "*very clear*," while 45% indicated they were "*somewhat clear*." The remaining 10% of the participants noted that the instructions for filing the claim were "*not clear*" or "*do not know*." Once the participants filed their E-filed their claim with NCDS, 41% indicated that it took NCDS "*two business days*" to acknowledge their claim and initiate the administrative process. Thirty-seven percent (37%) stated it took "*greater than two business days*." Twenty-two percent (22%) reported that it took NCDS personnel "*one business day*" to contact the consumer. For those who mailed their claims and received an acknowledgement from NCDS that the claim had been received, 75% reported it took "*two business days*," and 25% reported "*one business day*" for an NCDS administrator to contact them.

Experience after filing a claim with NCDS. To capture the pre-hearing process, respondents were asked to rate their experience after they filed their claim with NCDS. Based on the results, it was found that 74% of participants received the Frequently Asked Questions ("FAQs") packet at www.ncdsusa.org and 26% reported they did not receive the packet. Of the group that received the FAQ packet, 77% reviewed it⁸⁵ and 23% did not review the FAQs. The information presented in the FAQs was "very clear" as reported by 29%, "somewhat clear" to 58%, "not clear" to 6%, and for the remaining 6%, the participants reported that they "did not know" whether the information in the FAQ was clear. Twenty-three percent (23%) of the respondents stated that the information presented in the FAQs was "very helpful", 45% reported that it was "moderately helpful," while 13% reported that the information was "not at all helpful." The remaining 19% of participants stated, "they did not know."

When asked if participants received the Non-Binding Program Rules at www.ncdsusa.org, 84% of respondents reported "yes" while 16% stated "no." Of the group that received the Non-Binding Program Rules, 87% reported that they reviewed them.⁸⁶ The Program Rules were "very clear" to 32% of the participants, "somewhat clear" to 55% of the participants, "not clear" to 6%, and "did not know" by 6%. The respondents were then asked if the Program Rules were helpful in explaining the arbitration process of which 52% acknowledged they were "moderately helpful" in explaining the arbitration process. Twenty-nine percent (29%) reported that they believed the Program Rules were "very helpful" in explaining the arbitration process, whereas 10% believed the Program Rules were "not at all helpful" and 10% "did not know." Ninety-four percent (94%) of the respondents stated they received a hearing notice from NCDS, while 6% stated they did not receive a hearing notice for their case. One hundred percent (100%) of the participants did not retain an attorney to represent them or to be present at the hearing. Prior to receiving their hearing notice, participants were asked to declare their choice of hearing format. Thirty-six percent (36%) of the participants opted for a teleconference hearing. The other 64% elected a "documents only" hearing. Thirty-nine percent (39%) of the participants electing a documents only hearing stated that they decided on this format because it was "more convenient to have an arbitration panel review documents," 6% stated they "could not get time off work," and 3% cited "family or health conflicts." The remaining 16% cited "other" as the reason.

The evidentiary hearing process. To assess the actual evidentiary process, participants were asked to convey their experience with distinct phases of the hearing process. Of the 36% that participated in an evidentiary hearing, 91% reported the arbitrator started the hearing on time, and 9% reported that the arbitrator did not start the hearing on time. It was also reported by 82% of participants that the arbitrator explained the hearing process to both parties while 18% reported that the arbitrator did not explain hearing protocols to them during the hearing. When asked if the arbitrator allowed both parties a full and fair opportunity to present their proofs, 73% responded "yes" and 27% responded, "no." One hundred percent (100%) of the participants did not request a third party, independent technical inspection of the vehicle.

Post-award experience. Next, it was important to evaluate the consumers' experience after they received their award. When it was time to communicate the award to the consumer, 90% of the sample population stated the arbitrator communicated their award by "E-mail," 3% reported by "mail" and the

⁸⁵ A respondent may have reviewed the FAQ on the NCDS website as opposed to receiving this information from NCDS directly at the time their claim was acknowledged.

⁸⁶ See FN 85 for explanation.

remaining 6% reported “*other*.” Most of the consumers (90%) reported that they received no relief.⁸⁷ Ten percent (10%) stated that the arbitrator provided them with a “*refund*.”

The results showed that 77% of the participants did not feel the arbitrator accurately identified the nature of the non-conformity in the consumer’s alleged claims, while 23% stated that the arbitrator did correctly identify the non-conformity. After identifying the non-conformity, 55% reported the arbitrator included a summary of the testimony at the hearing, while 45% reported the arbitrator did not include a summary. Forty-two percent (42%) stated the arbitrator’s award was “*clear*” while 58% said the award was “*not clear*.” Twenty-six percent (26%) stated that the arbitrator rendered a reasoned award while 74% stated that the arbitrator did not render a reasoned award. Sixty-one percent (61%) of the participants returned the Decision Acceptance/Rejection Form to NCDS.

Arbitrator satisfaction. To understand arbitrator satisfaction among the consumers, the participants were asked to rate the arbitrator’s understanding of the facts of their case. Seventy-seven percent (77%) rated the arbitrator’s comprehension of the facts as “*poor*,” 10% as “*average*,” and 6% as “*good*,” and 6% as “*excellent*.” The arbitrator’s objectivity and fairness were rated as “*poor*” by 84% of respondents, “*average*” by 10% of respondents and “*excellent*” by 6% of the respondents.

The participants were then asked to rate the arbitrator’s impartiality during the hearing of which 77% rated their arbitrator as “*poor*,” 13% rated “*average*,” and the remaining 10% rated “*good*” or “*excellent*.” Finally, participants were asked to rate the arbitrator’s impartiality with respect to the award which 81% of respondents rated this as “*poor*” and 10% as “*average*.” The remaining 10% rated it as “*good*” or “*excellent*.” As noted elsewhere in this audit, adverse arbitral decisions tend to influence how a participant views the arbitration program overall, including performance of the arbitrator and the administration of their claim by NCDS (see below).

Satisfaction with NCDS processing claim. To measure consumer’s satisfaction with NCDS in processing their claims, respondents were asked to rate NCDS in four different areas. Respondents were asked to rate the timeliness of the communications between them and NCDS staff. Twenty-three percent (23%) of the respondents rated timeliness of communications as “*excellent*,” 35% rated it as “*good*,” 26% rated it as “*fair*,” and 16% rated it as “*poor*.” Next, participants were asked to rate the helpfulness of the NCDS staff. Thirteen percent (13%) rated the helpfulness of the staff as “*excellent*,” 32% rated it as “*good*,” 19% rated it as “*fair*,” and 35% rated it as “*poor*.” To help gauge consumers’ experience with the arbitration program, participants were asked to rate their overall experience under the NCDS Arbitration Program of which 77% of the respondents rated it as “*poor*,” 10% rated it as “*fair*,” and 12% rated it as “*good*” or “*excellent*.” Finally, respondents were asked if they would recommend the Arbitration Program to friends and family and 90% responded “*no*” and 10% responded “*yes*.”

MEDIATED CASES SURVEY RESULTS

Pre-filing experience with dealer or manufacturer. To understand the consumers’ pre-filing experience, respondents were asked broad questions related to their pre-filing experience with the

⁸⁷ These responses are participant errors. A repair or a refund is considered an award, and such cases would be classified by NCDS as “awarded cases.”

manufacturer. The results show before filing a claim with NCDS, 100% of participants reported that they attempted to contact the manufacturer directly to discuss their concerns. When asked how many times the dealer or manufacturer attempted to repair their vehicle, 25% of respondents stated "other" which was more than three times, 25% reported "two times" and 50% reported "one time." Fifty percent (50%) of the participants reported they learned about the NCDS Non-Binding Automobile Warranty Arbitration Program through Other methods. In addition, participants reported learning through Brochures (25%), Attorney (25%), and Friends, Family, Co-workers (25%).

Filing of the claim with NCDS. To identify consumers' experience concerning the actual filing of their claim with NCDS participants were asked questions related to the filing method, clarity of instructions, and style of hearing. All participants (100%) reported they used an E-File method to file their claim. The respondents were then asked how clear the instructions were for filing their claim of which 75% indicated the instructions on the claim form were "*very clear*" and 25% stated the instructions were "*somewhat clear*." Once the participants E-filed their claim with NCDS, 75% reported that it took "*two business days*" for NCDS to acknowledge their claim, while 25% reported that it took "*one business day*."

Experience after filing a claim with NCDS. To capture the pre-hearing process, respondents were asked to rate their experience after they filed their claim with NCDS. Based on the results, it was found that 100% of participants received and reviewed the Frequently Asked Questions (FAQs) packet at www.ncdsusa.org. The information presented in the FAQs was "*very clear*" as reported by 75% of the respondents while 25% reported it was "*somewhat clear*." Fifty percent (50%) of the participants stated the information presented in the FAQs was "*very helpful*" and 50% stated the information presented was "*moderately helpful*."

When asked if participants received the Non-Binding Program Rules at www.ncdsusa.org, 100% respondents reported "yes." One hundred percent (100%) of respondents reported that they received and reviewed the Non-Binding Program Rules. The Program Rules were "*very clear*" to 75% of the participants "*and somewhat clear*" to 25%. The respondents were then asked if the Program Rules were helpful in explaining the arbitration process of which 75% stated they were "*very helpful*" and 25% acknowledged they were "*moderately helpful*" in explaining the arbitration process.

The settlement of claim. To assess the settlement of the consumer's claim, participants were asked if they agreed to settle their case with the manufacturer before the case proceeded to arbitration of which 100% of respondents stated "yes." The respondents were then asked what best described the relief provided in their settlement of claim. Seventy-five percent (75%) reported the relief awarded to them by the arbitrator was a refund, where the manufacturer would give money for their car, and 25% reported a replacement, where the manufacturer would replace your existing car with a new car.

After the consumer reached a settlement, 50% of the respondents reported they received a letter from NCDS explaining the terms of the settlement and 50% did not receive a letter. After the consumer received their settlement confirmation the results show that 100% did not pursue their case further.

Satisfaction with NCDS processing claim. To measure consumers' satisfaction with NCDS processing their claims, respondents were asked to rate NCDS in four different areas. Respondents were asked to rate the timeliness of the communications between them and NCDS staff of which 75% rated the timeliness of communications as "*excellent*," and 25% rated it as "*good*." Next, participants were asked to rate the helpfulness of the NCDS staff. Fifty percent (50%) rated the helpfulness of NCDS staff as

"*excellent*" and 50% rated it as "*good*." To help gauge consumers' experience with the arbitration program, participants were asked to rate their overall experience under the Arbitration Program of which 50% rated it as "*excellent*," and 50% rated it as "*good*." Finally, respondents were asked if they would recommend the Arbitration Program to friends and family and 100% responded "*yes*."

B. RECORD-KEEPING, ACCURACY AND COMPLETENESS

FTC Rule 703.6. mandates various recordkeeping functions, all of which have been previously discussed in Section IV. For the Florida field audit, the auditor requested a random sample of 30 case files drawn from all cases closed during the audit period and examined them to determine whether they were complete and available for audit.

FINDINGS

The results of the random sample inspection of case file folders, confined to § 703.6 (a) (1-5), confirm compliance. All case files contained the customer's name, address, and telephone number. The name and address of the warrantor's contact person were included with the initial correspondence that the customer receives from the program. In addition, the various regional office contact addresses and phone number were included in each Owner's Manual that accompanies all new vehicles when they are delivered to the consumer.

All case files inspected contained the make and vehicle identification number (VIN) of the vehicle, along with the date of the dispute and the date of the disclosure of the decision. Some files contained letters and additional documents, primarily filed by the consumer. However, there is no way to measure this item, thus the auditor has determined this section to be inapplicable.

The requirements for subsections 6-7 were also met. Oral presentations are a basic component of the NCDS program and § 703.6(a)(7) of Magnuson-Moss requires summaries of the oral presentations to be placed in the case file. In the case files reviewed for this region, NCDS was in full compliance.

A critical part of the NCDS program and Magnuson-Moss specifically is the disclosure of the arbitrator's decision (subsections 8-9). The statute mandates that a copy of the decision be inserted into the file and available for review during the annual audit. Unless a case was withdrawn or settled prior to hearing, all files the auditor reviewed contained this information.

Under subsection ten, the warrantor's intended action(s) and performance are linked together. The auditor validates this item in terms of performance verification, which is the responsibility of NCDS. NCDS' protocol is to send a survey to the customer following receipt of the customer's acceptance of an arbitral award which grants a remedy. The survey asks whether the required performance has taken place. As noted elsewhere in this audit and in prior audits, few returned forms exist in the file. 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 implemented per the award. It is appropriate to assume, in the absence of conflicting data, that performance has taken place. If a manufacturer were to attempt to avoid

its statutory obligations, this fact would surface in the context of the national random survey of customers who have used the program, and it does not. Performance verification status should and does appear in the case file as is indicated by sections 11 and 12 below.

As stated elsewhere in this audit, Section 11 above is not applicable for purposes of this audit because there is no practical means by which to verify the completeness and accuracy of additions to the files. Section 12, however, suggests that a summary form be created whenever the arbitrator receives an oral communication from either party involving the issue in dispute. This is most likely to occur at the oral hearing, in which case the communications are summarized in the arbitrator's decision. All summaries are included in the case file.

CONCLUSION

The auditor concludes that the NCDS Automobile Warranty Arbitration Program's record keeping policies and procedures in Florida are in **substantial compliance** with FTC Rule 703 requirements and all Florida regulations.

C. CASE FILE RECORDS (4 yrs. 2021-2024)⁸⁸

FINDINGS

A random sample of case numbers from the years 2021 through 2024 was drawn from the NCDS data base. The auditor's inspection of this sample verified that they were being maintained per requirement § 703.6(f).

Closed files are stored at an off-site record storage facility of the NCDS Dallas, Texas office. The auditor did not inspect the off-site facility for this year's audit. The files, however, were intact and readily available for inspection. Cases drawn from the four-year universe were maintained in accordance with this statutory requirement.

D. ARBITRATION/HEARING RECORDS

FINDINGS

Case file folders

⁸⁸ FTC Rule 703.6(f) states:

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.

This information, which is maintained in NCDS headquarters, is found on a series of forms in NCDS case files.

Arbitrator Biographies

The arbitrator biographies for the national program are available for review in National Center for Dispute Settlement headquarters in Dallas, Texas. A random review of such biographies indicate that arbitrator biographies are thorough and current. The list of arbitrators for each district includes the dates of their appointments.

E. HEARING PROCESS

FINDINGS

Following is a summary of the auditor's observations of a three-person board hearing. Prior to observing the hearing, the auditor was provided with the board's agenda, which included a list of all cases that would be heard by documents only.

Physical Description of Hearing Conducted on May 27, 2025

The hearing, which began at 1:00 PM, consisted of 29 cases, four of which involved Florida consumers.⁸⁹ Since this was a telephonic hearing, a room check to assess obstruction was not conducted.

Openness of Arbitration Hearing

The chair confirmed that the "documents only" hearing was open to the auditor to observe.

Hearing Formalities

The chair provided a general overview of the protocols the board would follow, including a discussion of each case file, findings, and the recommended decision. Each board member attested to their qualifications to serve.

Efficiency of Arbitration Hearing

Once the hearing opened, the panel proceeded to review each case submitted for determination on documents only. Panel members took turns summarizing the customer's claim and the evidence. Independently, each board member recommended an outcome, based on the evidence submitted.

Hearing Process

The hearing was properly conducted. Panel members were thoughtful and deliberate in their discussion of the evidence. The format permitted each member to assume an equal role in the decision-making process. There was ample opportunity for the panel members to discuss whether a particular claim met the statutory threshold and, if so, the appropriate remedy under Mag-Moss. The hearing,

⁸⁹ The Florida claims involved FCA, Honda, Tesla, and Toyota.

which spanned approximately 75 minutes, met the hallmarks of efficiency without compromising thoroughness.

Arbitration Decisions

All decisions reviewed by the auditor were consistent with applicable regulations and the NCDS program rules. The decisions cited the written evidence presented and concluded with an award which briefly explained the rationale. It is beyond the purview of the auditor to comment on the correctness of the awards.

FINDINGS WITH RESPECT TO THE DECISION-MAKING PROCESS

The auditor found that the decision-making process was well-structured and allowed for full engagement of each arbitrator. Panel members were tasked with reviewing each case file before the hearing convened, thus maximizing the actual hearing time. Consensus was readily reached once a panel member explained their recommendation and justification. Despite these procedural safeguards, the awards lack fulsome explanation. In contrast with teleconference hearings, board hearing awards only delineate, not summarize, the evidence. The auditor recommends that NCDS adopt a heightened award requirement for board hearings, where the arbitration panel briefly explains the evidence they reviewed to reach their decision. *See Summary of Auditor Recommendations, page 90.*

CONCLUSION

The auditor concludes that the NCDS Automobile Warranty Arbitration Program, as it operates in Florida, is in **substantial compliance** with FTC Rule 703 and all Florida regulations.

Section VI

Audit of Arbitrator Training

Federal Trade Commission Rule 703 does not contain explicit language requiring the training of arbitrators. However, FLA. STAT. 681.108(1) mandates such training for arbitrators hearing and deciding cases in Florida.

All NCDS arbitrators are regularly trained. Experienced arbitrators must complete a refresher training every two years to remain in good standing on the National Panel.

Arbitrator training programs in 2024, with one exception, were conducted in person. Trainings occurred on the following dates, with levels of participation noted.

2024 Arbitrator Training Programs

- ❖ March 1-3, 2024 – California (CDSP) Specific and National NCDS Training – 18 California arbitrators and 40 NCDS arbitrators
- ❖ May 3-5, 2024 – 43 arbitrators
- ❖ November 14, 2024 (Zoom Training – FLORIDA) – 31 arbitrators

REVIEW OF NCDS ARBITRATOR TRAINING AND FINDINGS

May 3-5, 2024 In-Person Training Program

The trainers for the 2024 sessions included an NCDS panelist and attorney, the operations director, a case administrator, and a certified technician and experienced arbitrator. The Friday afternoon session opened with a welcome by the CEO. This was followed by an overview of the NCDS Informal Dispute Settlement Program. The session concluded with a review of the federal and state regulations governing auto warranty disputes, and an ethics “roundup,” which emphasized the arbitrator’s continuing obligation of disclosure, impartiality, and due diligence.

On Saturday morning, the trainers focused on the rules of the process, opening statement requirements, types of evidence and evidence review, and how to use the decision-tree to write a decision that complies with the requirements of Magnuson-Moss. There was also some discussion about electric vehicles, and the nature of the more common complaints concerning them.

Saturday afternoon involved a demonstration of how an arbitrator conducts an in-person hearing, with participants given an opportunity to conduct a series of role plays. Q and A followed.

Sunday morning’s session was devoted to a discussion of a test case provided to participants in advance, the decision-tree, and how arbitrators should prepare and submit their awards.

Training Materials

An integral part of the in-person NCDS training program is the use of training materials, which augments the training function. Information in the packet includes all relevant statutes, the Arbitrator’s Manual, sample decisions for arbitrators to review, and applicable court decisions respecting the arbitrators’ obligation to disclose potentially disqualifying information. California and Florida specific trainings included the specific statutes germane to the informal dispute resolution program.

In addition to formal training, NCDS uses an arbitrator portal to disseminate critical monthly information, such as periodic bulletins. The portal is also used to inform the arbitration panel of organization updates.

Training Assessment

| CATEGORY | Rating |
|--|-----------|
| Materials | Excellent |
| Presentations | Excellent |
| Format of Program (in the absence of live programming) | Excellent |
| Opportunity for Participants to Ask Questions/Engage Panelists | Excellent |
| Quality of Responses Provided by the Panelists | Excellent |
| Opportunity for Later Engagement | Excellent |
| Coverage of Relevant Topics | Excellent |

Overall Assessment of NCDS Training

The training program provided an excellent overview of the statutory requirements, the rules revisions, the unique nomenclature associated with motor vehicles, arbitral ethics, due process protocols, and the decision-tree, a carefully prepared template by the NCDS staff that guides arbitrators through the decision-making process to ensure that their decisions meet the statutory threshold imposed by Magnuson-Moss. Arbitrator participants had sufficient time to receive guidance and, where in doubt, ask questions. Program goals were met.

Although program goals were met, the auditor noted a few areas where substantive content should be augmented. *See Summary of Auditor Recommendations*, page 90.

CONCLUSION

The auditor concludes that the NCDS Automobile Warranty Arbitration Program, as it relates to the arbitrator training function, is in substantial compliance with FTC Rule 703.

Section VII

Survey and Statistical Index: Comparative Analysis of Consumer Responses

The Federal Trade Commission regulates the informal dispute settlement programs operated under Magnuson-Moss, including the program which operates under the auspices of the National Center for Dispute Settlement pursuant to 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 NCDS for the calendar year 2024.

A consumer who wants to have a dispute settled through Automobile Warranty Arbitration Program must meet certain criteria: (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 pending with NCDS. If a customer files a claim form that does not meet these requirements, it is considered, "out-of-jurisdiction." In other words, it is ineligible for processing. These cases 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. This step is rarely undertaken.

FTC regulations require that arbitration decisions be rendered within 40 days of the date that Automobile Warranty Arbitration Program 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 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.⁹⁰

To determine the accuracy of the Automobile Warranty Arbitration Program's warranty dispute statistics and to gather consumer feedback regarding the program, the auditor conducted a survey with customers nationally who filed disputes with Automobile Warranty Arbitration Program during the calendar year.

The primary focus of the survey is to gather data to verify the statistics by comparing data collected from a non-random sampling of consumers regarding the actual process and outcomes of their cases to the statistics and outcomes reported by NCDS. As noted by the previous auditor, "The question is not whether an individual's recollections match the data in the Automobile Warranty Arbitration Program's records, but rather whether the aggregate proportions of consumers' recollections agree with the outcomes reported to the FTC."⁹¹

⁹⁰ In 2024, not a single case exceeded the 40-day time limit. Based on statistics provided to the auditor by NCDS the average number of days from case initiation to resolution, for all participating manufacturers was 33. See pg. 37 of the Audit Report for a breakdown by manufacturer.

⁹¹ Claverhouse & Associates, NCDS National Audit, pg. 60 (2019).

In addition to containing questions to gather the information needed to verify the statistics, the questionnaire also asks consumers to evaluate various aspects of the program, all of which are designed to determine the levels of customer satisfaction.

OVERALL DISPUTE CASES OVERVIEW

The figure below captures the total cases (overall) and total cases by jurisdiction in relationship to the method of resolution of warranty disputes for 2024. Four resolution areas were captured which were mediation, arbitration, ineligible, and withdrawn. Duplicate or multiple filings by the same person were removed from the total case number counts. Arbitrated and mediated cases made up 53% of all cases while ineligible and withdrawn cases made up 47% which accounted for 100% of total cases.

Overall Dispute Cases and by Jurisdiction (2024)

Note that National excludes California, Florida, and Ohio

| Total NCDS Cases (Overall) | | | |
|--|-------------|-------------|----------------------|
| Resolution | Number | Percent | Percent of All Cases |
| Mediation | 288 | 8.2% | 4% |
| Arbitration | 3228 | 91.8% | 48% |
| Subtotal - (In Jurisdiction & Closed) | 3516 | 100% | 53% |
| Ineligible | 2423 | 76% | 36% |
| Withdrawn | 746 | 24% | 11% |
| Subtotal | 3169 | 100% | 47% |
| Total Cases | 6685 | — | 100% |

| Total NCDS Cases by Jurisdiction | | |
|----------------------------------|-------------|-------------|
| National | Number | Percent |
| Mediation | 133 | 3.1% |
| Arbitration | 2134 | 49.2% |
| Ineligible | 1592 | 36.7% |
| Withdrawn | 475 | 11.0% |
| Total National | 4334 | 100% |

| California | Number | Percent |
|-------------------------|-------------|-------------|
| Mediation | 64 | 4.6% |
| Arbitration | 594 | 42.9% |
| Ineligible | 563 | 40.6% |
| Withdrawn | 164 | 11.8% |
| Total California | 1385 | 100% |

| Florida | Number | Percent |
|-------------|--------|---------|
| Mediation | 73 | 10.0% |
| Arbitration | 379 | 51.9% |

| | | |
|----------------------|------------|-------------|
| Ineligible | 199 | 27.3% |
| Withdrawn | 79 | 10.8% |
| Total Florida | 730 | 100% |

| Ohio | Number | Percent |
|-------------------|------------|-------------|
| Mediation | 18 | 7.63% |
| Arbitration | 121 | 51.27% |
| Ineligible | 69 | 29.24% |
| Withdrawn | 28 | 11.86% |
| Total Ohio | 236 | 100% |

| | |
|--------------------|-------------|
| Total Cases | 6685 |
|--------------------|-------------|

Total Cases for Survey 3,105

Excludes ineligible cases, withdrawn cases, and multiple case filings from the same consumer. The consumer is only required to fill out one survey and is not based on the quantity of cases they filed.

Methodology

To determine the accuracy of the Non-Binding Automobile Warranty Arbitration Program (AWAP) dispute statistics and assess consumers' levels of satisfaction and experience regarding the program, the auditor conducted a quantitative survey with national consumers in the United States who filed disputes with AWAP during the 2024 calendar year. California, Florida, and Ohio results were not included in the National results because their results were captured separately.

The primary focus of the survey was to gather data (average scores) to verify the statistics by comparing data collected from a non-random sample of national consumers regarding the process and outcomes of their cases to the statistics and outcomes reported by National Center for Dispute Settlement (NCDS). The intent is to understand whether the total proportions of consumers' recollections agree with the outcomes reported by the Federal Trade Commission (FTC).

This section includes a detailed discussion of the research methodology and the appropriateness of the design chosen for the audit. The section contains details about the population, sampling, data collection procedures, and the rationale for the selected technique.

Research Method Appropriateness

Choosing the appropriate method is a necessary and a critical step in the research process to ensure the objectives are clear in relation to the research topic and questions. The suitable research method for this audit was a quantitative methodology because with a quantitative research method it

captures objective measurements and the statistical, mathematical, or numerical analysis of data collected through questionnaires, surveys, or polls.

The auditor identified consumers' overall levels of satisfaction and experience regarding the AWAP as measured by three surveys based on their outcome status: Consumer Satisfaction Survey Arbitrated Cases Awarded No Action, Consumer Satisfaction Survey Arbitrated Cases Awarded, and Consumer Satisfaction Survey Mediated Cases with the goal of identifying consumer satisfaction and whether the total proportions of consumers' recollections agreed with the outcomes reported by the Federal Trade Commission (FTC). With a quantitative methodology, the auditor can gather significant amounts of data from a larger sample and simplify the results. A quantitative method was appropriate for this audit because it fulfilled the goal of identifying consumers' levels of satisfaction and addressing the purpose of the audit.

Population, Sampling, and Data Collection Procedures

Population. The target population for this audit included consumers who filed eligible claims and rated their experience and satisfaction of the Automobile Warranty Arbitration Program (AWAP) as reported by NCDS in the year 2024 located in the United States.

Sampling. The sample size is determined by the number of completed responses received from the surveys and only represents part of the group of people or target population whose experience, behavior, or opinions were captured in the survey. The total sample for the National audit was 339 participants, California's total audit sample was 82 participants, Florida's total audit sample was 38 participants, and Ohio's total audit sample was 22 participants. The sample was selected non-randomly and the invitations were given to participants who met the selection criteria and not by random chance. Access and permission were granted to the target population of consumers by NCDS management. NCDS management helped facilitate the email distribution lists of consumers to the auditor by sending an excel file of audit reports of resolved cases for National, California, Florida, and Ohio in an email under the guidance of the auditor.

Breakdown of total sample sizes for the National, California, Florida, and Ohio audits.

Note that National excludes California, Florida, and Ohio

| Survey | Population | Sample Size | Response Rate % |
|---|-------------|-------------|-----------------|
| National - Arbitrated Awarded | 311 | 70 | 23% |
| National - Arbitrated Awarded No Action | 1544 | 247 | 16% |
| National - Mediated | 124 | 22 | 18% |
| Total | 1979 | 339 | 17% |

| Survey | Population | Sample Size | Response Rate % |
|---|------------|-------------|-----------------|
| California - Arbitrated Awarded | 82 | 17 | 21% |
| California - Arbitrated Awarded No Action | 479 | 53 | 11% |
| California - Mediated | 58 | 12 | 21% |
| Total | 619 | 82 | 13% |

| Survey | Population | Sample Size | Response Rate % |
|--|------------|-------------|-----------------|
| Florida - Arbitrated Awarded | 40 | 3 | 8% |
| Florida - Arbitrated Awarded No Action | 277 | 31 | 11% |
| Florida - Mediated | 54 | 4 | 7% |
| Total | 371 | 38 | 10% |

| Survey | Population | Sample Size | Response Rate % |
|-------------------------------------|------------|-------------|-----------------|
| Ohio - Arbitrated Awarded | 16 | 3 | 19% |
| Ohio - Arbitrated Awarded No Action | 102 | 12 | 12% |
| Ohio - Mediated | 18 | 7 | 39% |
| Total | 136 | 22 | 16% |

Generally, the larger the sample size, the more statistically significant the results are and less of a chance the results happened by coincidence but may not be applicable in every situation. Survey sampling can provide valuable answers and insights without having a sample size that represents the general population. Customer satisfaction or feedback surveys such as the ones used in this audit are one of the survey types that provide valuable answers and do not necessarily rely on a statistically significant sample size. Listening and documenting customer thoughts provides important perspectives and information on how well something is performing or areas for improvement. The sample sizes and results gathered were appropriate and accomplished the purpose of the audit.

Informed Consent. Accurately and honestly communicating the purpose and intent of the audit to participants was critical to the ethical considerations of the study. All participants for this audit were volunteers and were informed through the survey of the purpose of the study, voluntary participation, usage of the data collected, and benefits of the audit. Participants were able to choose to participate or not participate in the audit voluntarily and no personal identifiers were collected minimizing and eliminating any potential risks to the participants.

Data Collection. Initial contact with a company representative in NCDS was made to discuss the requirements and participation needed for the audit. Once the requirements were established, a follow-up email was sent to the company representative with detailed information about the consumer information needed for the audit. The data collection targeted consumers who had recently participated in the Non-Binding Automobile Warranty Arbitration Program administered by the National Center for Dispute Settlement (NCDS) in the year 2024 in the United States. These consumers were eligible to participate in the audit if interested and had to complete and electronically acknowledge their agreement to participate in the audit through the survey. The participants were not required to participate and could opt out of taking the surveys at any time. Participation in the surveys was voluntary. The auditor provided consumers who were eligible to participate in the audit with a secure link and access to the web-based surveys.

Survey Instrument Selection. The survey instruments for the audit were the Consumer Satisfaction Survey Arbitrated Cases Awarded No Action, Consumer Satisfaction Survey Arbitrated Cases Awarded, and Consumer Satisfaction Survey Mediated Cases. The surveys were created by the auditor based on the Magnuson Moss Warranty–Federal Trade Commission Improvements Act and were administered to participants in accordance with their case filing outcome to measure overall levels of satisfaction and experience regarding the AWAP.

The Consumer Satisfaction Survey Arbitrated Cases Awarded No Action and Consumer Satisfaction Survey Arbitrated Cases Awarded are a 39-question survey utilizing multiple choice questions. Items 1-4 measure the pre-filing experience with the dealer or manufacturer. Items 5-8 measure the filing of the claim with NCDS. Items 9-19 measure the experience after filing a claim or pre-hearing process with NCDS. Items 20-23 measure the evidentiary hearing process. Items 24-30 measure post-award experience. Items 31-34 measure arbitrator satisfaction and items 35-39 measure satisfaction with NCDS processing claim. The Consumer Satisfaction Survey Mediated Cases is a 25-question survey using multiple choice questions. Items 1-4 measure the pre-filing experience with the dealer or manufacturer. Items 5-8 measure the filing of the claim with NCDS. Items 9-16 measure the experience after filing a claim with NCDS. Items 17-21 measure the mediation process and settlement of claim. Items 22-25 measure the satisfaction with NCDS processing claim.

Data Analysis

Consumers' overall levels of satisfaction and experience regarding the AWAP were collected using web-based questionnaires using SurveyMonkey's © online survey software. SurveyMonkey is a secure and trusted data collection tool that offers several features and customization to create surveys to gain insights. The use of electronic surveys was given and retrieved by participants due to the ease of timely distribution of the surveys to participants in several different states in the United States. The first set of invitations for cases between January and September were sent on December 2nd, 2024. The second set of invitations for cases between October and December were sent on January 20th, 2024. The surveys were closed on February 9th, 2025, to allow ample time for participants to respond and complete the survey.

A secure and confidential link was created for each survey and sent to each eligible participant who had recently participated in the Non-Binding Automobile Warranty Arbitration Program administered by the National Center for Dispute Settlement (NCDS) in the year 2024 in the United States. This feature ensured the survey could only be accessed by that consumer and prevents non-sampled participants from accessing the questionnaire. The survey email distribution lists were grouped separately by National, California, Florida, and Ohio, and the participants associated arbitration outcome that matched with the respective survey. Once the participants responded to the survey link, the data and answers were recorded within SurveyMonkey.

The SurveyMonkey survey tool has a notification feature that allowed the auditor to track which participants responded and did not respond to the surveys. A reminder was set for each survey to remind participants who had not yet completed the survey to prevent nonresponse bias. Nonresponse bias occurs when there is a significant difference between those who responded to the survey and those who did not. For example, participants may forget to complete the survey, are unwilling to take the survey for various reasons or the email invites may not have reached the participant (E.g., spam folder). Each survey setting was configured to only allow participants to respond once per email and IP address

to prevent respondents answering the survey multiple times and skewing the results. The auditor was the only individual who had access to the SurveyMonkey tool which requires a username and password to access to ensure all information remained secure and confidential. All results were analyzed in SurveyMonkey.

Findings & Results

The survey questions and results were intended to enhance the understanding of consumers overall levels of satisfaction regarding the Non-Binding Automobile Warranty Arbitration Program administered by the National Center for Dispute Settlement (NCDS) under the Magnuson Moss Warranty-Federal Trade Commission Improvements Act. This section includes the National, California, Florida, and Ohio results of the data retrieved from participants who responded to the Consumer Satisfaction Survey Arbitrated Cases Awarded No Action, Consumer Satisfaction Survey Arbitrated Cases Awarded, and Consumer Satisfaction Survey Mediated Cases.

NATIONAL AUDIT SURVEY RESULTS⁹²

ARBITRATED CASES AWARDED SURVEY RESULTS

Pre-filing experience with dealer or manufacturer. To understand the consumers' pre-filing experience, respondents were asked broad questions related to their pre-filing experience with either the dealer or the manufacturer. The results show before filing a claim with NCDS, 93% of participants reported that they attempted to contact the manufacturer directly to address their concerns. When asked how many times the dealer or manufacturer attempted to repair their vehicle, 64% of respondents stated "other" and 20% reported "three times." The remaining sample population of 16% stated between one-to-two times. Most participants reported they learned about the NCDS Non-Binding Automobile Warranty Arbitration Program through four primary sources: Manufacturer Customer Service Representative (43%), Internet or Social Media (19%), Attorney (11%) and State Government Agency (10%). There were other resources participants noted, but they were not as prevalent. Seventy-four percent (74%) of the participants stated they were informed of the Arbitration Program from the manufacturer or dealer over the phone, 20% by Mailed or E-mailed Information, 3% by Website, while 3% reported they learned of the Arbitration Program through "other." Survey participants did not specify these sources.

Filing of the claim with NCDS. To identify consumers' experience concerning the actual filing of their claim with NCDS, participants were asked questions related to the filing method, clarity of instructions, and style of hearing. Ninety-nine percent (99%) of the participants reported they used an E-File method to file their claim and 1% mailed their claim. The respondents were then asked how clear the instructions were for filing their claim of which 70% indicated the instructions on the claim form were "very clear," 27% stated the instructions were "somewhat clear," and 3% reported they were "Not clear." Once the participants filed their claim with NCDS by E-file, 46% reported it took "one business day" for NCDS to acknowledge their claim and initiate the administrative process and 38% reported that it took "two business days." Sixteen percent (16%) stated it took "greater than two business days." For those who filed their claim with NCDS by mail, 100% reported it took "greater than two business days" for NCDS to contact them after they received an acknowledgement from NCDS that their claim was received.

⁹² National Overall Audit Survey Results appear in the Appendix in a separate PDF document.

Experience after filing a claim with NCDS. To capture the pre-hearing process, respondents were asked to rate their experience after they filed their claim with NCDS. Based on the results, it was found that 99% of participants received the Frequently Asked Questions (FAQs) packet at www.ncdsusa.org and 1% reported they did not receive the packet. Of this group, 99% reported that they reviewed the FAQ packet. The information presented in the FAQs was “*very clear*” as reported by 67% of the respondents and “*somewhat clear*” by 33% of respondents. Sixty-three percent (63%) of participants stated the information presented in the FAQs was “*very helpful*” while 31% reported it was “*moderately helpful*.” The remaining 6% of the participants reported they either did not know the degree to which the FAQs were helpful, or they were not at all helpful.

When asked if participants received the Non-Binding Program Rules at www.ncdsusa.org, 99% respondents reported “*yes*” while 1% stated “*no*.” Of the group that received the material, 96% reported that they reviewed the Non-Binding Program Rules. The Program Rules were “*very clear*” to 64% of the participants, “*somewhat clear*” to 31% participants and 4% reported they did not know. The respondents were then asked if the Program Rules were helpful in explaining the arbitration process of which 66% stated they were “*very helpful*” and 34% acknowledged they were “*moderately helpful*” in explaining the arbitration process. One hundred percent (100%) of the respondents stated they received a hearing notice from NCDS, and 94% reported before or after they received their hearing notice, they did not hire an attorney to represent them or to be present at the hearing. Based on the results, 57% of the participants responded that they did not request a “*documents only*” hearing. The next sequence of responses explains why the “*documents only*” hearing option was selected. Forty percent (40%) stated they chose a documents only hearing because it was more convenient to have an arbitration panel review documents. Three percent (3%) stated they chose a documents only hearing because they were unable to get time off work.

The evidentiary hearing process. To assess the actual evidentiary process, participants were asked to convey their experience with distinct phases of the hearing process. Of the participants that participated in an evidentiary hearing, 93% reported the arbitrator started the hearing on time and 7% reported the arbitrator did not start the hearing on time. One hundred percent (100%) stated that the arbitrator explained the arbitration process to both parties. When asked if the arbitrator allowed both parties a full and fair opportunity to present their proofs, 100% of those participants responded “*yes*.” None of this sample population requested a third party independent technical inspection of the vehicle during the hearing.

Post-award experience. Next, it was important to evaluate the consumers’ experience after they received their award. When it was time to communicate the award to the consumer, 97% of the total sample population stated the arbitrator communicated this award by Email. Most consumers (90%) reported that the relief awarded to them by the arbitrator was a refund, where the manufacturer would give them money for their vehicle and 4% reported they received a replacement, where the manufacturer would replace their existing car with a new car. One percent (1%) stated they received a reimbursement and 3% stated that their award was a “*repair*” to their existing vehicle. One percent (1%) reported that they received no relief. NCDS classifies awards once rendered. Any award, including a repair, would be considered an award to the consumer. The best explanation for this set of responses is that the consumer treated the arbitrator’s award as a non-award if the arbitrator did not award the type of relief they were seeking.

Ninety-one percent (91%) of participants stated that the arbitrator accurately identified the nature of the non-conformity in their respective claims. After identifying the non-conformity, 94% of participants stated the arbitrator included a summary of the testimony at the hearing. Most of the participants (94%) stated the arbitrator's award was clear and 91% reported that the arbitrator rendered a reasoned award. Ninety-nine percent (99%) of this surveyed population returned to NCDS the Decision Acceptance/Rejection Form.

Arbitrator satisfaction. To understand arbitrator satisfaction among the consumers, the participants were asked how to rate the arbitrator's understanding of the facts of their case. Seventy-six percent (76%) rated the arbitrator's comprehension of the facts as "*excellent*," 16% rated it as "*good*," and 9% rated it "*average*" or "*poor*." The arbitrator's objectivity and fairness were rated as "*excellent*" by 79% of respondents and "*good*" by 16% of respondents. Four percent (4%) of the respondents characterized the arbitrator's objectivity and fairness as "*average*," and the remaining 1% stated it was "*poor*." The participants were then asked to rate the arbitrator's impartiality during the hearing of which 77% rated their arbitrator as "*excellent*," 19% rated it as "*good*," and 4% rated it as "*average*." Finally, the participants were asked to rate the arbitrator's impartiality with respect to the award. Seventy-six percent (76%) of respondents rated the arbitrator's impartiality as "*excellent*," 19% rated it as "*good*," 3% rated it as "*average*," and 3% rated it as "*poor*."

Satisfaction with NCDS processing claim. To measure consumers' satisfaction with NCDS processing their claims, respondents were asked to rate NCDS in four different areas. Respondents were asked to rate the timeliness of the communications between them and NCDS staff of which 66% rated the timeliness of communications as "*excellent*," 19% rated it as "*good*," 10% rated it as "*fair*," and 6% rated it as "*poor*." Next, participants were asked to rate the helpfulness of the NCDS staff. Most participants (66%) rated the helpfulness of the staff as "*excellent*," 20% rated helpfulness as "*good*," 7% rated helpfulness as "*fair*," and 7% rated helpfulness as "*poor*." To help gauge consumers' experience with the arbitration program, participants were asked to rate their overall experience under the Arbitration Program of which 61% of participants rated it as "*excellent*," 23% rated it as "*good*," 4% rated it as "*fair*," and 11% rated it as "*poor*."⁹³ Finally, respondents were asked if they would recommend the Arbitration Program to friends and family and 86% responded "*yes*" while 14% stated "*no*."

ARBITRATED CASES AWARDED NO ACTION SURVEY RESULTS

Pre-filing experience with dealer or manufacturer. To understand the consumers' pre-filing experience, respondents were asked broad questions related to their pre-filing experience with either the dealer or the manufacturer. The results show before filing a claim with NCDS, 92% of participants reported that they attempted to contact the manufacturer directly to discuss their concerns. When asked how many times the dealer or manufacturer attempted to repair their vehicle, 62% of respondents stated "*other – more than three times*," 23% stated "*three times*," 9% stated "*two times*," and 6% stated "*one time*." When participants were asked how they learned about the NCDS Non-Binding Automobile Warranty Arbitration Program, several primary sources were identified: Manufacturer Customer Service Representative (29%), Internet or Social Media (25%), Dealership Personnel (15%), Glove-Box Materials (13%), and Attorney (9%). Ten percent (10%) of the respondents also reported that they acquired their knowledge of the Non-Binding Automobile Warranty Arbitration Program via other sources. The

⁹³ Consumer satisfaction levels are often linked to outcome.

remaining 17% reported Other Manufacturer Representative, Brochures, Friends, Family and Co-workers, State Government Agency, and Prior Program Knowledge. Fifty-nine percent (59%) of participants stated they were informed of the Arbitration Program from the manufacturer or dealer over the phone while 31% reported they were informed through *"Mailed or E-mailed Information,"* *"Website,"* and *"Showroom Poster."* The remaining 10% of the respondents stated *"other,"* but they did not reveal these sources.

Filing of the claim with NCDS. To identify consumers' experience concerning the actual filing of their claim with NCDS, participants were asked questions related to the filing method, clarity of instructions, and style of hearing. Most participants (96%) reported they used an E-File method to file their claim while only 4% used a written submission claim form. The respondents were then asked how clear the instructions were for filing their claim of which 33% indicated the instructions on the claim form were *"very clear,"* 53% stated the instructions were *"somewhat clear,"* and 14% stated the instructions were *"not clear"* or *"do not know."* Once the participants E-filed their claim with NCDS, 31% reported it took *"greater than two business days"* for NCDS to acknowledge their claim and initiate the administrative process. The remaining 69% stated it took one or two business days. After the participants mailed their claim and received an acknowledgement from NCDS that the claim had been received, 82% reported it took *"greater than two business days"* for NCDS to contact them, and 18% reported one or two business days.

Experience after filing a claim with NCDS. To capture the pre-hearing process, respondents were asked to rate their experience after they filed their claim with NCDS. Based on the results, it was found that 85% of participants received the Frequently Asked Questions (FAQs) packet at www.ncdsusa.org and 15% reported they did not receive the packet. Eighty-five percent (85%) of the respondents stated they **reviewed** the FAQs. Of those that reviewed the FAQ packet, 29% percent found the information *"very clear,"* 53% found the information *"somewhat clear,"* and 18% found the information *"not clear"* or *"do not know."* Only 21% of participants stated the information presented in the FAQs was *"very helpful"* while 55% reported it was *"moderately helpful."* The remaining 24% of participants did not think the FAQs were helpful (17%) or did not know (7%).

When asked if participants received the Non-Binding Program Rules at www.ncdsusa.org, 85% respondents stated *"yes"* while 15% stated *"no."* Of the 87%⁹⁴ of respondents who reviewed the Program Rules, 26% found the information to be *"very clear,"* 53% found the information to be *"somewhat clear,"* and the remaining 22% found the information either not clear (16%) or they did not know (6%). The respondents were then asked if the Program Rules were helpful in explaining the arbitration process of which 21% stated they were *"very helpful"* and 53% acknowledged they were *"moderately helpful"* in explaining the arbitration process. The remaining 26% of respondents reported they did not think Program Rules were at all helpful (22%) or they did not know (4%). Most respondents (95%) stated they received a hearing notice from NCDS, but 94% reported before or after they received their hearing notice, they did not hire an attorney to represent them or to be present at the hearing. Only 6% of respondents reported they hired an attorney after receiving their hearing notice. Based on the results, 60% of

⁹⁴ As previously stated in the Audit Report, some survey participants review the rules on the NCDS website. This would account for the difference between respondents who report that they did not receive the rules directly from NCDS but who also report that they reviewed the rules.

participants requested a “documents only” hearing after filing their claim and 40% did not request a “documents only” hearing.

The evidentiary hearing process. To assess the actual evidentiary process, participants were asked to convey their experience with distinct phases of the hearing process. Of the 40% of participants that did not request a “documents only” hearing, 84% of that surveyed population reported that the arbitrator started the hearing on time. It was reported by 91% of those participants that the arbitrator explained the arbitration process to both parties. Nine percent (9%) indicated that the arbitrator did not provide this explanation. When asked if the arbitrator allowed both parties a full and fair opportunity to present their proofs, 72% of those participants responded “yes” while 28% reported “no.” Five percent (5%) of the participants requested a third party independent technical inspection of their vehicle during the hearing.

Post-award experience. Next, it was important to evaluate the consumers’ experience after they received their award. When it was time to communicate the award to the consumer, 94% of the total sample population stated the arbitrator communicated this award by Email, 6% reported it was by written submission or other method. This method was not specified. Most consumers (94%) reported they received no award while 4% reported the relief awarded to them by the arbitrator was a repair. Two percent (2%) reported that the arbitrator awarded a refund, where the manufacturer would give money for the vehicle, and 1% reported that the arbitrator awarded a replacement, where the manufacturer would replace the existing car with a new car.

The results showed the participants did not feel the arbitrator accurately identified the nature of the non-conformity in the consumers’ alleged claims as reported by 77% of respondents. After identifying the non-conformity, 60% of participants stated the arbitrator included a summary of the testimony at the hearing while 40% reported the arbitrator did not include a summary. Forty-nine percent (49%) of the participants stated the arbitrator’s award was clear while 51% said the award was not clear. More than half of the participants (52%) did not think the arbitrator rendered a reasoned award while 48% stated the arbitrator did render a reasoned decision.

Arbitrator satisfaction. To understand arbitrator satisfaction among the consumers, the participants were asked how well the arbitrator understood their case. Sixty-four (64%) rated the arbitrator’s comprehension of the facts as “poor,” 19% rated the comprehension as “average,” 12% rated comprehension as “good,” and 5% rated comprehension as “excellent.” The arbitrator’s objectivity and fairness were rated as “poor” by 71% of respondents, “average” by 17%, “good” by 8%, and “excellent” by 4%. Next, the participants rated the arbitrator’s impartiality during the hearing of which 62% rated their arbitrator as “poor,” 23% rated it as “average,” 10% rated it as “good,” and 5% rated it as “excellent.” Finally, the participants assessed the arbitrator’s impartiality with respect to the award. Seventy-three percent (73%) reported that the arbitrator’s impartiality with respect to the decision-making process was “poor.” Eighteen percent (18%) reported the arbitrator’s impartiality as “average,” while 6% reported it as “good.” The remaining 2% reported it as “excellent.” As noted previously in this Audit Report, adverse decisions tend to influence how a participant views the arbitration program overall, including performance of the arbitrator and the administration of their claim by NCDS.

Satisfaction with NCDS processing claim. To measure consumers’ satisfaction with NCDS processing their claims, respondents were asked to rate NCDS in four different areas. Respondents were asked to rate the timeliness of the communications between them and NCDS staff. Twenty-four percent

(24%) rated the timeliness of communications as “*excellent*,” 39% rated it as “*good*,” 21% rated it as “*fair*,” and 16% rated it as “*poor*.” Next, participants were asked to rate the helpfulness of the NCDS staff. Sixteen percent (16%) of participants rated the helpfulness of the staff as “*excellent*,” 31% rated it as “*good*,” 28% rated it as “*fair*,” and 26% rated it as “*poor*.” To help gauge consumers’ experience with the arbitration program, participants were asked to rate their overall experience under the Arbitration Program. Sixty-eight percent (68%) of participants rated their overall NCDS experience as “*poor*,” while 20% rated it as “*fair*,” 10% rated it as “*good*,” and 2% rated it as “*excellent*.” Finally, respondents were asked if they would recommend the Arbitration Program to friends and family and 85% responded “*no*” while 15% stated “*yes*.”

MEDIATED CASES SURVEY RESULTS

Pre-filing experience with dealer or manufacturer. To understand the consumers’ pre-filing experience, respondents were asked broad questions related to their pre-filing experience with the manufacturer. The results show before filing a claim with NCDS, 100% of participants reported that they attempted to contact the manufacturer directly to discuss their concerns. When asked how many times the dealer or manufacturer attempted to repair their vehicle, 55% of respondents stated “*other*” which was more than three times, 18% reported *three times* and 27% reported “*one time*.” Most participants reported they learned about the NCDS Non-Binding Automobile Warranty Arbitration Program through Glove-Box Materials (23%), Manufacturer Customer Service Representative (23%), Dealership Personnel (14%), and Attorney (14%). Eighteen percent (18%) reported “*other*.” There were other resources participants noted, but they were not as prevalent. Thirty-eight percent (38%) of the participants who learned about the NCDS Non-Binding Automobile Warranty Arbitration Program through the dealership or manufacturer stated they were informed of the Arbitration Program from the manufacturer or dealer over the phone. Thirteen percent (13%) of participants stated they were informed through “*Mailed or E-mailed Information*,” 13% reported through a “*showroom poster*” and the remaining 38% reported “*other*.”

Filing of the claim with NCDS. To identify consumers’ experience concerning the actual filing of their claim with NCDS participants were asked questions related to the filing method, clarity of instructions, and style of hearing. All participants (100%) reported they used an E-File method to file their claim. The respondents were then asked how clear the instructions were for filing their claim of which 82% indicated the instructions on the claim form were “*very clear*,” and 18% stated the instructions were “*somewhat clear*.” Once the participants E-filed their claim with NCDS, 55% reported that it took “*one business day*” for NCDS to acknowledge their claim, while 41% reported that it took “*two business days*.” Five percent (5%) reported that the contact time was “*greater than two business days*.”

Experience after filing a claim with NCDS. To capture the pre-hearing process, respondents were asked to rate their experience after they filed their claim with NCDS. Based on the results, it was found that 91% of participants received the Frequently Asked Questions (FAQs) packet at www.ncdsusa.org. and 9% reported they did not receive the FAQ packet. Of the group which received the packet, 95% reviewed the FAQ packet.⁹⁵ The information presented in the FAQs was “*very clear*” as reported by 82% of the respondents while 14% reported it was “*somewhat clear*.” Five percent (5%) reported that they did not know. Most participants (82%) stated the information presented in the FAQs

⁹⁵ The variance is explained by the fact that respondents may have obtained the FAQ packet from other sources, such as the NCDS website.

was “*very helpful*” and 14% stated the information presented was “*moderately helpful*.” The remaining 5% stated that they did not know.

When asked if participants received the Non-Binding Program Rules at www.ncdsusa.org, 91% respondents reported “*yes*” while 9% stated “*no*.” Ninety-one percent (91%) of respondents reported that they reviewed the Non-Binding Program Rules. The Program Rules were “*very clear*” to 86% of the participants, “*somewhat clear*” to 9% and 5% of the participants stated, “*do not know*.” The respondents were then asked if the Program Rules were helpful in explaining the arbitration process of which 86% stated they were “*very helpful*” and 9% acknowledged they were “*moderately helpful*” in explaining the arbitration process. Five percent (5%) stated that they did not know.

The settlement of claim. To assess the settlement of the consumer’s claim, participants were asked if they agreed to settle their case with the manufacturer before the case proceeded to arbitration of which 86% of respondents stated “*yes*” and 14% reported “*no*.” The respondents who stated “*yes*” to agree to settle their case with the manufacturer were then asked what best described the relief provided in their settlement of claim. Forty-seven percent (47%) reported the relief awarded to them by the arbitrator was a refund, where the manufacturer would give money for their car, and 42% reported a reimbursement of expenses remedy. Eleven percent (11%) reported they received a repair.

After the consumer reached a settlement, 79% of the respondents reported they received a letter from NCDS explaining the terms of the settlement and 21% did not receive a letter. After the consumer received their settlement confirmation the results show that 16% of respondents did pursue their case further and 84% did not pursue their case further. Of the participants who decided to pursue their case further, 33% reported they “*contacted dealer or manufacturer*,” 33% reported they “*re-initiated contact with NCDS*” and 33% reported “*other*,” but they did not specify details. This line of questioning was to understand if the consumer pursued any course of action or follow-up for any reason after accepting their settlement.

Satisfaction with NCDS processing claim. To measure consumers’ satisfaction with NCDS processing their claims, respondents were asked to rate NCDS in four different areas. Respondents were asked to rate the timeliness of the communications between them and NCDS staff of which 91% rated the timeliness of communications as “*excellent*,” 5% rated it as “*good*,” and 5% reported it as “*fair*.” Next, participants were asked to rate the helpfulness of the NCDS staff. Eighty-six percent (86%) rated the helpfulness of NCDS staff as “*excellent*,” 5% rated it as “*good*” and 9% rated it as “*fair*.” To help gauge consumers’ experience with the arbitration program, participants were asked to rate their overall experience under the Arbitration Program of which 82% rated it as “*excellent*” and 9% rated it as “*good*.” Nine percent (9%) rated it as “*fair*” or “*poor*.” Finally, respondents were asked if they would recommend the Arbitration Program to friends and family and 91% responded “*yes*.” Nine percent (9%) responded, “*no*.”

Section VIII

Summary of Auditor Recommendations

The following auditor recommendations are intended to improve the quality of the IDSM, as currently administered by the National Center for Dispute Settlement.

Section III – Warrantor Compliance Informing Consumers of the Existence of the Dispute Resolution Program

1. **Lexus Notice Requirement and Disclosures** – The Lexus Warranty and Services Guide should be revised to include a clear statement to the consumer that they may access arbitration, Step 3, without exhausting Step 1 (contact with the dealership manager), or Step 2 (contacting the Lexus Brand Engagement Center).
2. **Toyota Notice Requirement and Disclosures** – The Toyota Warranty and Services Guide should be revised to include a clear statement to the consumer that they may access arbitration, Step 3, without exhausting Step 1 (contact with the dealership manager), or Step 2 (contacting the Lexus Brand Engagement Center).
3. **Honda and Acura’s Binding Arbitration Program** – Honda and Acura’s warranty manuals, which provides for binding arbitration, should be set forth in a separate document, titled, “**Binding Arbitration**.” Prior audits, including audits conducted by NCDS’s prior auditor, have explained the Federal Trade Commission’s construction of FTC Rule 703(5)(j), which states that decisions of the Mechanism cannot be legally binding on any person. While offering a binding arbitration option is not foreclosed by Magnuson-Moss, the Commission observed, in 1975, that “reference within the written warranty to any binding non-judicial remedy is prohibited by the Rule and the Act.” Although the binding arbitration program is administered by a different service provider, the American Arbitration Association, any reference to a binding, non-judicial remedy within the same warranty materials remains problematic.
4. **Tesla’s Binding Arbitration Program** – **Tesla’s Binding Arbitration Program** – Tesla’s warranty information, concerning the option of binding arbitration, should be set forth in a separate document, titled, “**Binding Arbitration**.” (See justification in Recommendation 3)

Section IV – Board Operations

1. **Compliance with Arbitral Determinations** – To enhance consistency, NCDS should more stringently monitor the survey letter and performance of compliance. Under FTC Rule 703.5(h), it is the Mechanism’s responsibility to ascertain from the consumer whether compliance has been met. This requirement applies even in cases of settlement.
2. **Conduct of Hearings – Arbitrator’s Opening Statement/Omissions** – The Arbitrator’s Opening Statement Protocols should prioritize conflicts of interest, and disclosures.

3. **Documents-Only Hearings/Explanation of Awards** – In documents-only board hearings, the awards should summarize the arguments of the parties and detail the nature of the evidence provided. Currently, panel decisions identify the nature of the claim, and the documents filed by the consumer and manufacturer. A better approach is for panel members to include a summary of the parties' positions and a more detailed explanation of the evidence, not simply a reference to "emails." This will better support a "no action" award when the panel has found a non-conformity but denies any remedial outcome under Mag-Moss.

Section VI – Assessment of NCDS Training

1. **Summary of Magnuson-Moss Requirements** – When reviewing the requirements of Magnuson-Moss, NCDS trainers should inform the arbitrators that their decision may be used in a court of law as corroborating evidence.
2. **Mileage Offsets/Lemon Law** – NCDS trainers should explain more fully when mileage offsets apply under the applicable lemon law and who is responsible for their calculations. When an arbitrator awards a vehicle repurchase, the manufacturer is typically allowed to deduct a mileage offset from the refund amount. This offset reflects the value the consumer received from using the vehicle before it was subject to repair work.
3. **Role of Service Departments** – NCDS trainers should inform arbitrators of the role of service departments and how they function as agents of the manufacturers for purposes of carrying out the warranty (this was the focus of prior audits). It is not a valid defense for a manufacturer to claim that a dealer failed to properly repair or cure an alleged non-conformity. Under Mag-Moss, the responsibility falls on the manufacturer to cure. If the manufacturer has not cured the non-conformity in a reasonable number of attempts, the consumer has a right, under applicable law, to receive an award for a refund or a suitable replacement.

Section VIII

Audit Regulatory Requirements

REQUIREMENT: § 703.7(c)(3)(1)

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 furnished to the Federal Trade Commission (FTC) 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 in accordance with this requirement.



National
Center for
Dispute
Settlement
(NCDS)

Non-Binding
Automobile
Warranty
Arbitration
Program

APPENDIX

FOR NATIONAL AUDIT 2024

APPENDIX

The following documents comprise the Appendix.

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Appendix A

2024 Overall Study Results California

OVERALL SURVEY RESULTS: KEY FINDINGS

This section captures the overall survey results (raw) from the sample size of participants who partook in the audit surveys and compares the results found between the different outcomes of cases. The eight areas compared were the pre-filing experience with the dealer or manufacturer, filing of claim, experience after filing of claim, the evidentiary hearing process, post-award experience, arbitrator satisfaction, satisfaction with NCDS processing their claim, and settlement of claim (mediation only). The highest percentages were highlighted based on the responses for each question for ease of comparison.

Table 1. California Overall Survey Results and Comparison Between Outcomes

| California - Audit Survey Results (Overall) | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|---|------------------|---------------------------------|-----------|
| Pre-filing Experience with Dealer or Manufacturer | Responses | | |
| Survey Questions | Responses | | |
| Before filing a claim with NCDS, did you attempt to contact the manufacturer directly to discuss your concerns? | | | |
| Answer Choices | | | |
| Yes | 94.12% | 96.23% | 91.67% |
| No | 5.88% | 3.77% | 8.33% |
| How many times, if any, did the dealer or manufacturer attempt to repair your car before you filed a claim with NCDS? | | | |
| Answer Choices | | | |
| One Time | 17.65% | 5.66% | 0.00% |
| Two Times | 5.88% | 11.32% | 8.33% |
| Three Times | 41.18% | 30.19% | 33.33% |
| Other (please specify) - More than Three Times | 35.29% | 52.83% | 58.33% |

| California - Audit Survey Results (Overall) | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|--|------------------|---------------------------------|-----------|
| Pre-filing Experience with Dealer or Manufacturer | | | |
| Survey Questions | Responses | | |
| How did you learn about the NCDS Non-Binding Automobile Warranty Arbitration Program? | | | |
| Answer Choices | | | |
| a. Manufacturer Customer Service Representative | 23.53% | 26.42% | 25.00% |
| b. Other Manufacturer Representative | 0.00% | 1.89% | 0.00% |
| c. Dealership Personnel | 5.88% | 9.43% | 0.00% |
| d. Glove-Box Materials | 11.76% | 16.98% | 25.00% |
| e. Internet or Social Media | 17.65% | 26.42% | 33.33% |
| f. Brochures | 0.00% | 0.00% | 8.33% |
| g. Attorney | 5.88% | 3.77% | 16.67% |
| h. Friends, Family, Co-workers | 29.41% | 11.32% | 0.00% |
| i. State Government Agency | 11.76% | 7.55% | 0.00% |
| j. Prior Program Knowledge | 0.00% | 3.77% | 0.00% |
| Other (please specify) | 23.53% | 5.66% | 0.00% |
| How did the manufacturer or dealer inform you of the NCDS Arbitration Program? | | | |
| Answer Choices | | | |
| Talked over the phone | 60.00% | 26.32% | 0.00% |
| Mailed or E-mailed Information | 40.00% | 42.11% | 33.33% |
| Website | 0.00% | 10.53% | 0.00% |
| Showroom Poster | 0.00% | 0.00% | 0.00% |
| Other (please specify) | 0.00% | 21.05% | 66.67% |

| California - Audit Survey Results (Overall) | | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|---|-----------------------|------------------|---------------------------------|-----------|
| Filing of Claim | | | | |
| Survey Questions | | Responses | | |
| What method did you use to file your claim with NCDS? | Answer Choices | 100.00% | 92.45% | 100.00% |
| E-File | | | | |
| Mail | | 0.00% | 7.55% | 0.00% |
| After you filed your E-File claim with NCDS, how long did it take for an NCDS administrator to contact you? | | | | |
| One Business Day | | 47.06% | 20.41% | 75.00% |
| Two Business Days | | 35.29% | 34.69% | 16.67% |
| Greater than two business days | | 17.65% | 44.90% | 8.33% |
| After you mailed and received an acknowledgement from NCDS that your claim had been received, how long did it take for an NCDS administrator to contact you? | | | | |
| One Business Day | | N/A | 25.00% | N/A |
| Two Business Days | | N/A | 0.00% | N/A |
| Greater than two business days | | N/A | 75.00% | N/A |

| California - Audit Survey Results (Overall) | | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|---|----------------|------------------|---------------------------------|-----------|
| Filing of Claim | | | | |
| Survey Questions | | Responses | | |
| How clear were the instructions for filing the claim? | Answer Choices | | | |
| Very Clear | | 82.35% | 30.19% | 100.00% |
| Somewhat Clear | | 11.76% | 49.06% | 0.00% |
| Not Clear | | 0.00% | 15.09% | 0.00% |
| Do Not Know | | 5.88% | 5.66% | 0.00% |
| Experience After Filing a Claim | | | | |
| Whether you E-Filed or filed your claim by mail, did you <u>receive</u> the Frequently Asked Questions (FAQ) Packet at www.ncdsusa.org ? | Answer Choices | | | |
| Yes | | 100.00% | 79.25% | 100.00% |
| No | | 0.00% | 20.75% | 0.00% |
| Whether you E-Filed or filed your claim by mail, did you <u>review</u> the Frequently Asked Questions (FAQ) Packet at www.ncdsusa.org ? | Answer Choices | | | |
| Yes | | 100.00% | 79.25% | 100.00% |
| No | | 0.00% | 20.75% | 0.00% |

| California - Audit Survey Results (Overall) | | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|--|-----------|------------------|---------------------------------|-----------|
| Experience After Filing a Claim | | | | |
| Survey Questions | Responses | | | |
| How clear was the information presented in the FAQ? | | | | |
| Answer Choices | | | | |
| Very Clear | 76.47% | 15.09% | 91.67% | |
| Somewhat Clear | 23.53% | 49.06% | 8.33% | |
| Not Clear | 0.00% | 18.87% | 0.00% | |
| Do Not Know | 0.00% | 16.98% | 0.00% | |
| How helpful was the information presented in the FAQ? | | | | |
| Answer Choices | | | | |
| Very Helpful | 76.47% | 16.98% | 75.00% | |
| Moderately Helpful | 23.53% | 43.40% | 25.00% | |
| Not At All Helpful | 0.00% | 22.64% | 0.00% | |
| Do Not Know | 0.00% | 16.98% | 0.00% | |
| Did you <u>receive</u> the Non-Binding Program Rules at www.ncdsusa.org? | | | | |
| Answer Choices | | | | |
| Yes | 94.12% | 81.13% | 91.67% | |
| No | 5.88% | 18.87% | 8.33% | |
| Did you <u>review</u> the Non-Binding Program Rules at www.ncdsusa.org? | | | | |
| Answer Choices | | | | |
| Yes | 94.12% | 79.25% | 83.33% | |
| No | 5.88% | 20.75% | 16.67% | |

| California - Audit Survey Results (Overall) | | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|--|-----------------------|------------------|---------------------------------|-----------|
| Experience After Filing a Claim | | | | |
| Survey Questions | | Responses | | |
| How clear were the Program Rules? | Answer Choices | 88.24% | 20.75% | 75.00% |
| Very Clear | | 88.24% | 20.75% | 75.00% |
| Somewhat Clear | | 5.88% | 56.60% | 16.67% |
| Not Clear | | 5.88% | 16.98% | 0.00% |
| Do Not Know | | 0.00% | 5.66% | 8.33% |
| How helpful were the Program Rules in explaining the arbitration process? | Answer Choices | 88.24% | 18.87% | 75.00% |
| Very Helpful | | 88.24% | 18.87% | 75.00% |
| Moderately Helpful | | 5.88% | 50.94% | 16.67% |
| Not At All Helpful | | 5.88% | 24.53% | 0.00% |
| Do Not Know | | 0.00% | 5.66% | 8.33% |
| Did you receive a hearing notice from NCDS? | Answer Choices | 100.00% | 94.34% | N/A |
| Yes | | 100.00% | 94.34% | N/A |
| No | | 0.00% | 5.66% | N/A |
| Either before or after you received your hearing notice, did you hire an attorney to represent you or to be present at the hearing? | Answer Choices | 0.00% | 7.55% | N/A |
| Yes | | 0.00% | 7.55% | N/A |
| No | | 100.00% | 92.45% | N/A |

| California - Audit Survey Results (Overall) | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|--|------------------|---------------------------------|-----------|
| Experience After Filing a Claim | | | |
| Survey Questions | Responses | | |
| If you filed a documents only hearing, which of the following <u>best</u> describes why you chose a documents only hearing? Otherwise, select "No, I did not file a documents only hearing" below. | | | |
| Answer Choices | 76.47% | 16.98% | N/A |
| a. More convenient to have an arbitration panel review documents | 76.47% | 16.98% | N/A |
| b. Unable to get time off work | 17.65% | 15.09% | N/A |
| c. Family or health conflicts | 0.00% | 3.77% | N/A |
| Other (please specify) | 5.88% | 5.66% | N/A |
| No, I did not file a documents only hearing | 0.00% | 58.49% | N/A |
| The Evidentiary Hearing Process | | | |
| Did the arbitrator start the hearing on time? | | | |
| Answer Choices | 100.00% | 93.55% | N/A |
| Yes | 100.00% | 93.55% | N/A |
| No | 0.00% | 6.45% | N/A |
| Did the arbitrator explain the arbitration hearing process to both parties? In other words, did the arbitrator explain that each party would be allowed to present and rebut evidence, and that the arbitrator did not have any conflicts of interest to disclose? | | | |
| Answer Choices | 100.00% | 87.10% | N/A |
| Yes | 100.00% | 87.10% | N/A |
| No | 0.00% | 12.90% | N/A |

| California - Audit Survey Results (Overall) | | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|---|--|------------------|---------------------------------|-----------|
| The Evidentiary Hearing Process | | | | |
| Survey Questions | | Responses | | |
| Did the arbitrator allow both parties a full and fair opportunity to present their proofs? | | | | |
| Answer Choices | | | | |
| Yes | | 100.00% | 54.84% | N/A |
| No | | 0.00% | 45.16% | N/A |
| During the hearing, did you or the manufacturer request a third party, independent technical inspection of your vehicle? | | | | |
| Answer Choices | | | | |
| Yes | | 7.69% | 6.45% | N/A |
| No | | 92.31% | 93.55% | N/A |
| Post-award Experience | | | | |
| How was the arbitrator's decision communicated to you? | | | | |
| Answer Choices | | | | |
| By Email | | 100.00% | 92.45% | N/A |
| By Mail | | 0.00% | 3.77% | N/A |
| Other Method (please specify) | | 0.00% | 3.77% | N/A |

| California - Audit Survey Results (Overall) | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|---|------------------|---------------------------------|-----------|
| Post-award Experience | | | |
| Survey Questions | Responses | | |
| Which of the following <u>best</u> describes the decision made by the arbitrator? | | | |
| Answer Choices | | | |
| A refund, where the manufacturer would give you money for your car | 64.71% | 0.00% | 63.64% |
| A replacement, where the manufacturer would replace your existing car with a new car | 5.88% | 0.00% | 0.00% |
| Reimbursement, where the manufacturer would reimburse you for incidental costs associated with the repair of your car | 0.00% | 1.89% | 18.18% |
| A Repair | 23.53% | 0.00% | 18.18% |
| No Relief Granted | 5.88% | 98.11% | 0.00% |
| Did the arbitrator accurately identify the nature of the non-conformity you alleged in your claim? | | | |
| Answer Choices | | | |
| Yes | 94.12% | 7.55% | N/A |
| No | 5.88% | 92.45% | N/A |
| Did the arbitrator include a summary of the testimony at the hearing? | | | |
| Answer Choices | | | |
| Yes | 88.24% | 66.04% | N/A |
| No | 11.76% | 33.96% | N/A |

| California - Audit Survey Results (Overall) | | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|--|-----------------------|------------------|---------------------------------|-----------|
| Post-award Experience | | | | |
| Survey Questions | | Responses | | |
| Was the arbitrator's decision clear? | Answer Choices | 100.00% | 39.62% | N/A |
| Yes | | | | N/A |
| No | | 0.00% | 60.38% | N/A |
| Did the arbitrator render a reasoned decision? Please Note: This means whether or not you agreed with the decision, the arbitrator provided rationale for why the decision was reached. | Answer Choices | 100.00% | 37.74% | N/A |
| Yes | | | | N/A |
| No | | 0.00% | 62.26% | N/A |
| Did you return to NCDS the Decision Acceptance / Rejection Form? | Answer Choices | 88.24% | 41.51% | N/A |
| Yes | | | | N/A |
| No | | 11.76% | 58.49% | N/A |

| California - Audit Survey Results (Overall) | | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|--|--|------------------|---------------------------------|-----------|
| Arbitrator Satisfaction | | | | |
| Survey Questions | | Responses | | |
| How would you rate the arbitrator in terms of understanding the facts of your case? | | | | |
| Answer Choices | | 76.47% | 3.77% | N/A |
| Excellent | | 76.47% | 3.77% | N/A |
| Good | | 17.65% | 7.55% | N/A |
| Average | | 0.00% | 20.75% | N/A |
| Poor | | 5.88% | 67.92% | N/A |
| How would you rate the arbitrator's objectivity and fairness? | | | | |
| Answer Choices | | 70.59% | 0.00% | N/A |
| Excellent | | 70.59% | 0.00% | N/A |
| Good | | 23.53% | 5.66% | N/A |
| Average | | 0.00% | 15.09% | N/A |
| Poor | | 5.88% | 79.25% | N/A |
| How would you rate the arbitrator's impartiality during the hearing? | | | | |
| Answer Choices | | 76.47% | 0.00% | N/A |
| Excellent | | 76.47% | 0.00% | N/A |
| Good | | 17.65% | 18.87% | N/A |
| Average | | 0.00% | 13.21% | N/A |
| Poor | | 5.88% | 67.92% | N/A |

| California - Audit Survey Results (Overall) | | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|--|----------------|------------------|---------------------------------|-----------|
| Arbitrator Satisfaction | | | | |
| Survey Questions | | Responses | | |
| How would you rate the arbitrator's impartiality with respect to the decision? | Answer Choices | 76.47% | 0.00% | N/A |
| Excellent | | | | |
| Good | | 17.65% | 3.77% | N/A |
| Average | | 0.00% | 11.32% | N/A |
| Poor | | 5.88% | 84.91% | N/A |
| Satisfaction with NCDS Processing Claim | | | | |
| How would you rate the timeliness of the communications between you and the NCDS administrator? | Answer Choices | 82.35% | 16.98% | 91.67% |
| Excellent | | | | |
| Good | | 11.76% | 32.08% | 8.33% |
| Fair | | 0.00% | 26.42% | 0.00% |
| Poor | | 5.88% | 24.53% | 0.00% |
| How would you rate the helpfulness of the NCDS staff? | Answer Choices | 82.35% | 15.09% | 83.33% |
| Excellent | | | | |
| Good | | 17.65% | 30.19% | 8.33% |
| Fair | | 0.00% | 24.53% | 0.00% |
| Poor | | 0.00% | 30.19% | 8.33% |

| California - Audit Survey Results (Overall) | | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|---|-----------|------------------|---------------------------------|-----------|
| Satisfaction with NCDS Processing Claim | | | | |
| Survey Questions | Responses | | | |
| How would you rate your overall experience under the NCDS Arbitration Program? | | | | |
| Answer Choices | | | | |
| Excellent | 76.47% | 3.77% | 83.33% | |
| Good | 5.88% | 7.55% | 8.33% | |
| Fair | 5.88% | 20.75% | 8.33% | |
| Poor | 11.76% | 67.92% | 0.00% | |
| Would you recommend the NCDS Arbitration Program to friends and family? | | | | |
| Answer Choices | | | | |
| Yes | 94.12% | 7.55% | 91.67% | |
| No | 5.88% | 92.45% | 8.33% | |

| California - Audit Survey Results (Overall) | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|--|------------------|---------------------------------|-----------|
| Survey Questions | Responses | | |
| Settlement of Claim *Mediation Only* | | | |
| Before the case proceeded to arbitration, did you agree to settle your case with the manufacturer? | | | |
| Yes | N/A | N/A | 91.67% |
| No | N/A | N/A | 8.33% |
| After you reached a settlement, did you receive a letter from NCDS explaining the terms of the settlement? | | | |
| Yes | N/A | N/A | 54.55% |
| No | N/A | N/A | 45.45% |
| After you received your settlement confirmation, did you pursue your case further? | | | |
| Yes | N/A | N/A | 9.09% |
| No | N/A | N/A | 90.91% |
| If so, please let us know the method you used. | | | |
| Re-initiated contact with NCDS | N/A | N/A | 100.00% |
| Contacted an attorney | N/A | N/A | 0.00% |
| Contacted a state agency | N/A | N/A | 0.00% |
| Contacted dealer or manufacturer | N/A | N/A | 0.00% |
| Other (please specify) | N/A | N/A | 0.00% |

Appendix B

2024 Charts of Survey Questions California

Figure 1 – Arbitrated Award Survey Results California

How many times, if any, did the dealer or manufacturer attempt to repair your car before you filed a claim with NCDS?

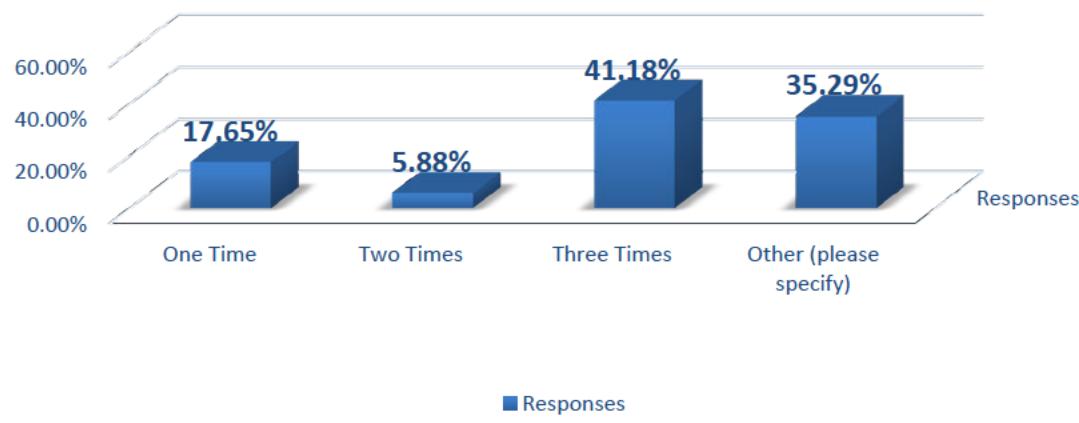


Figure 2 – Arbitrated Award Survey Results California

How did you learn about the NCDS Non-Binding Automobile Warranty Arbitration Program?

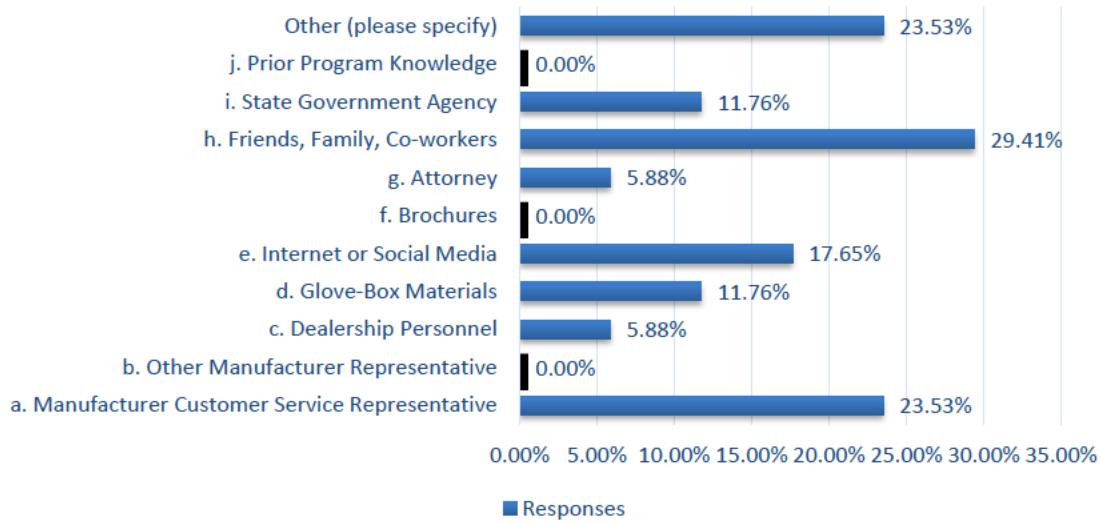
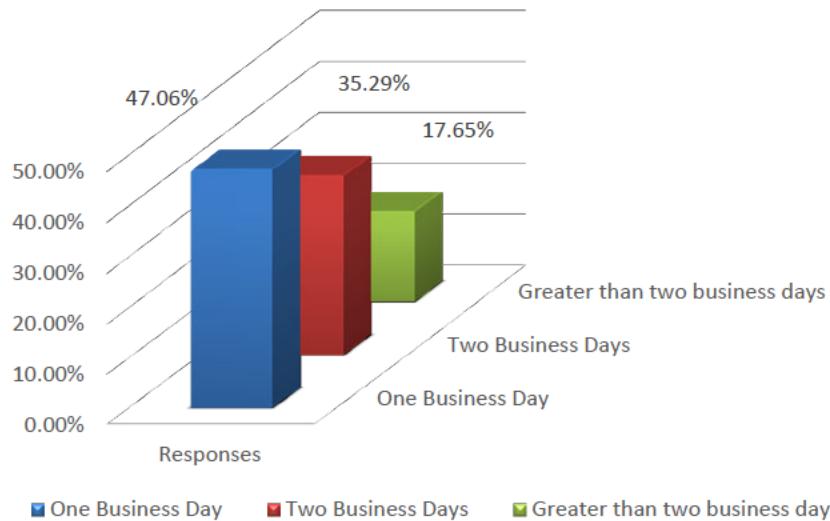


Figure 3 – Arbitrated Award Survey Results California

After you filed your E-File claim with NCDS, how long did it take for an NCDS administrator to contact you?

**Figure 4 – Arbitrated Award Survey Results California**

Did the arbitrator explain the arbitration hearing process to both parties? In other words, did the arbitrator explain that each party would be allowed to present and rebut evidence, and the arbitrator did not have any conflicts of interest to disclose?



Figure 5 – Arbitrated Award Survey Results California

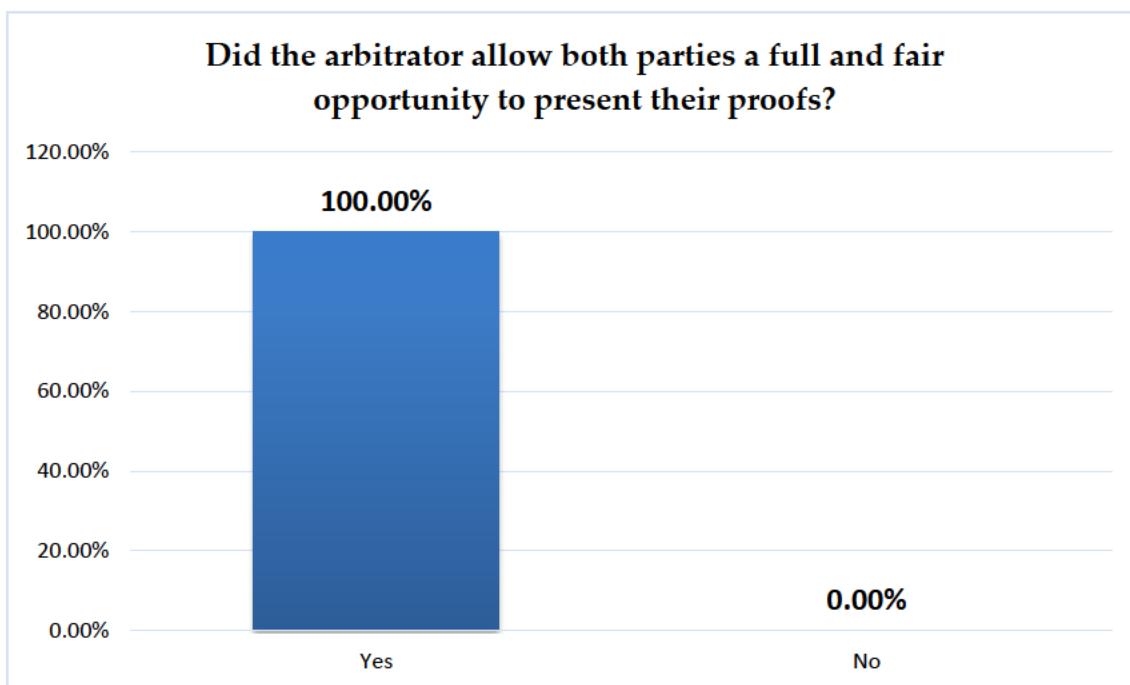


Figure 6 – Arbitrated Award Survey Results California

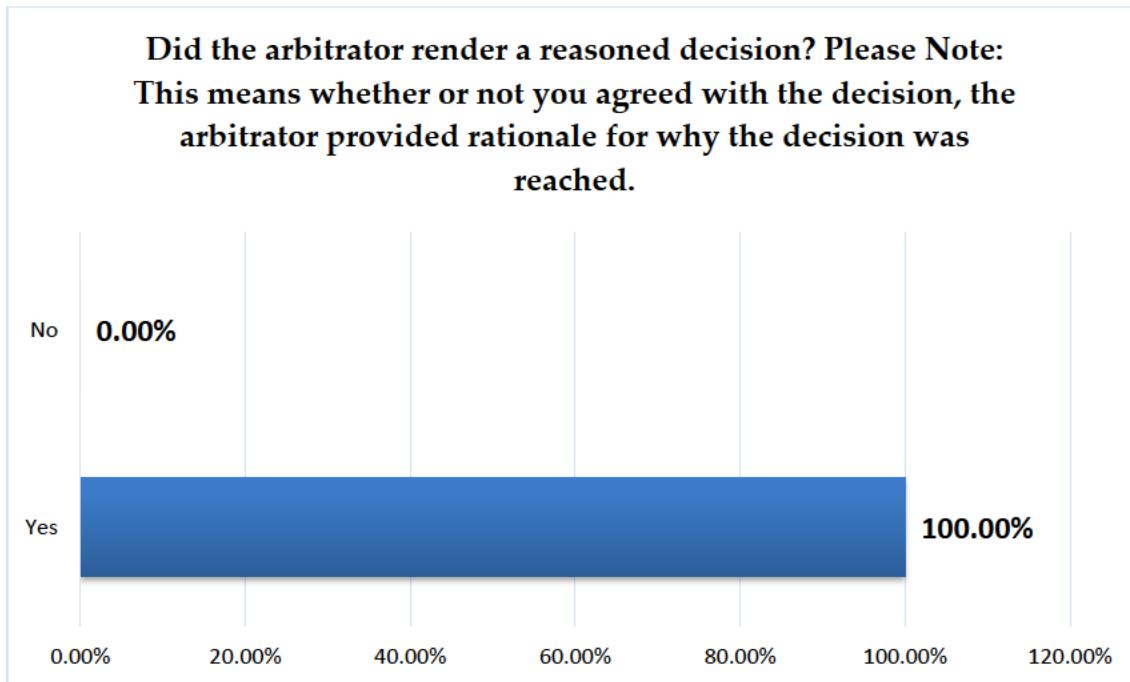
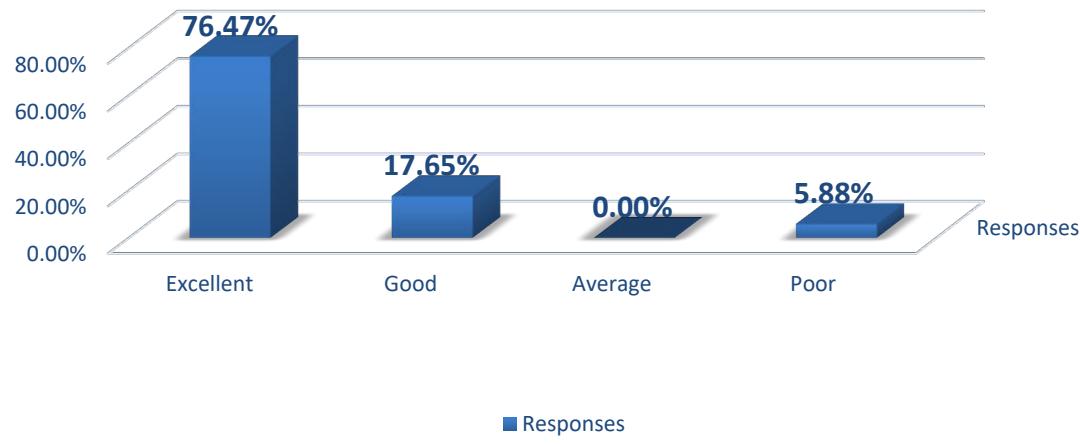


Figure 7 – Arbitrated Award Survey Results California

How would you rate the arbitrator's impartiality with respect to the decision?

**Figure 8 – Arbitrated Award Survey Results California**

How would you rate your overall experience under the NCDS Arbitration Program?

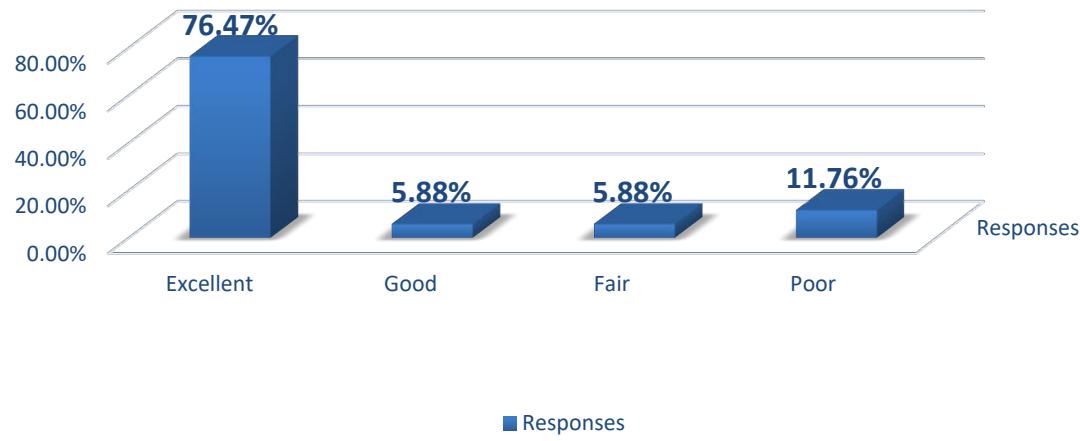


Figure 9 – Arbitrated Award No Action Survey Results California

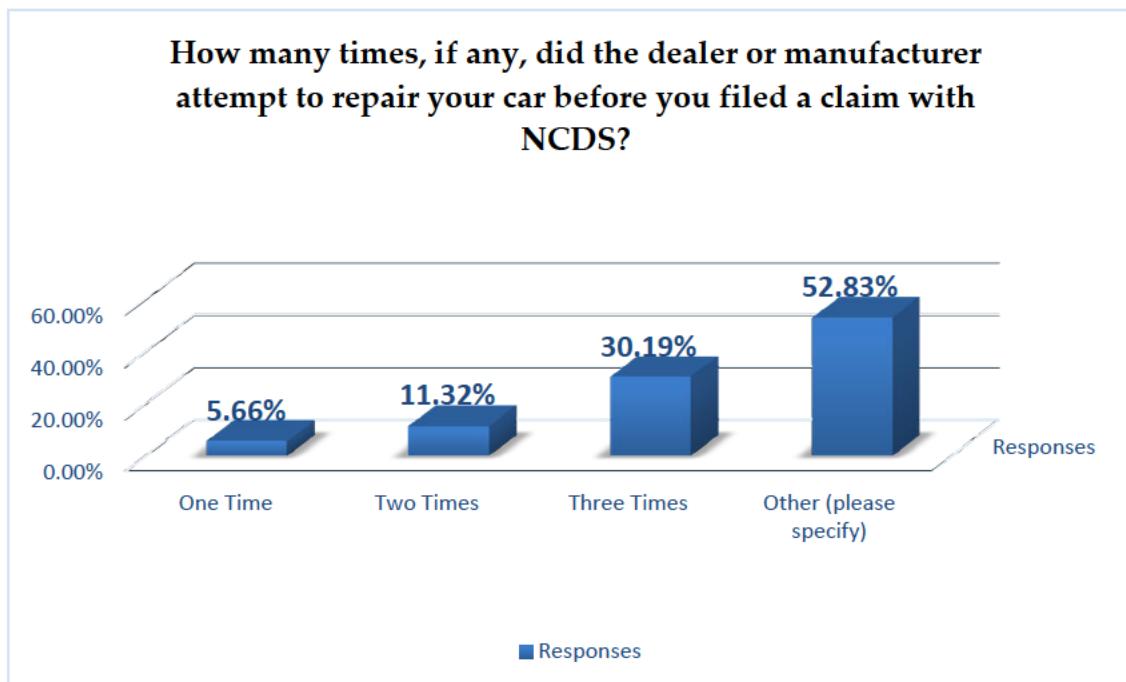


Figure 10 – Arbitrated Award No Action Survey Results California

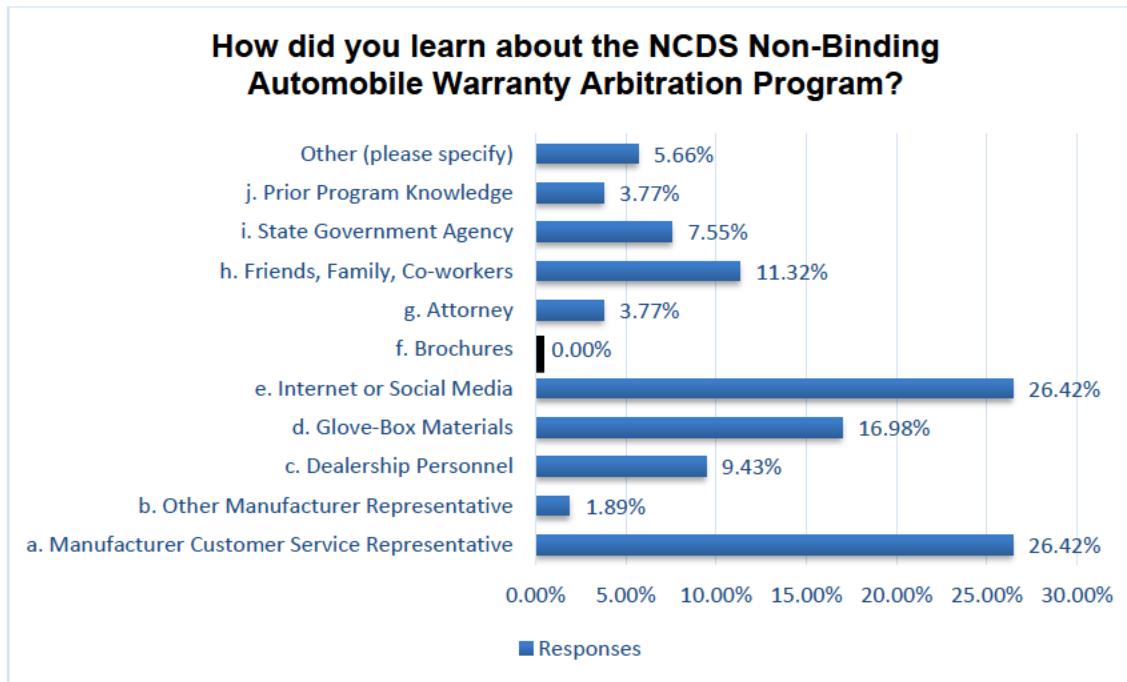
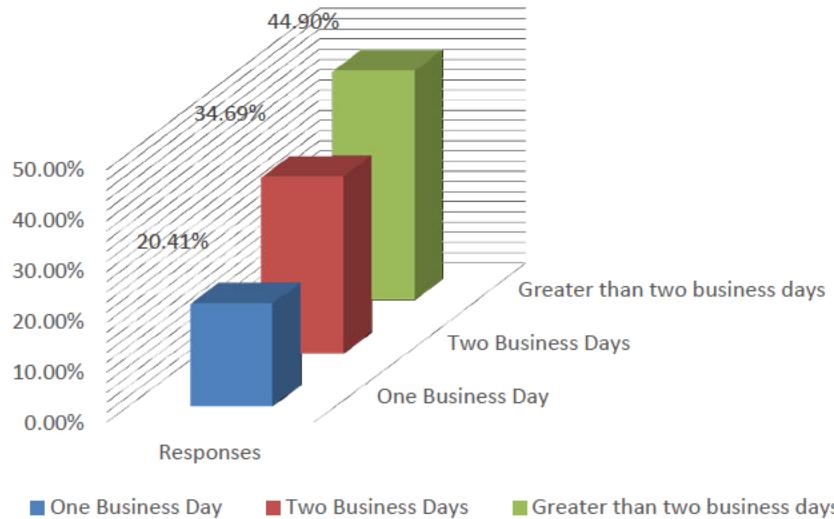


Figure 11 – Arbitrated Award No Action Survey Results California

After you filed your E-File claim with NCDS, how long did it take for an NCDS administrator to contact you?

**Figure 12 – Arbitrated Award No Action Survey Results California**

Did the arbitrator explain the arbitration hearing process to both parties?

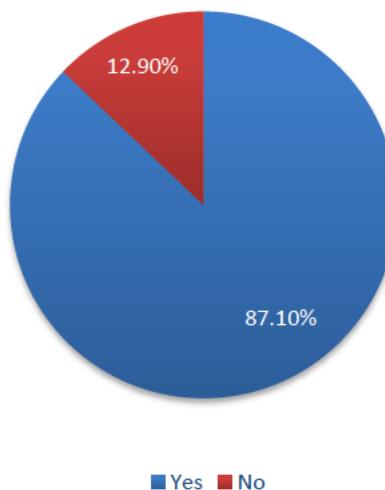


Figure 13 – Arbitrated Award No Action Survey Results California

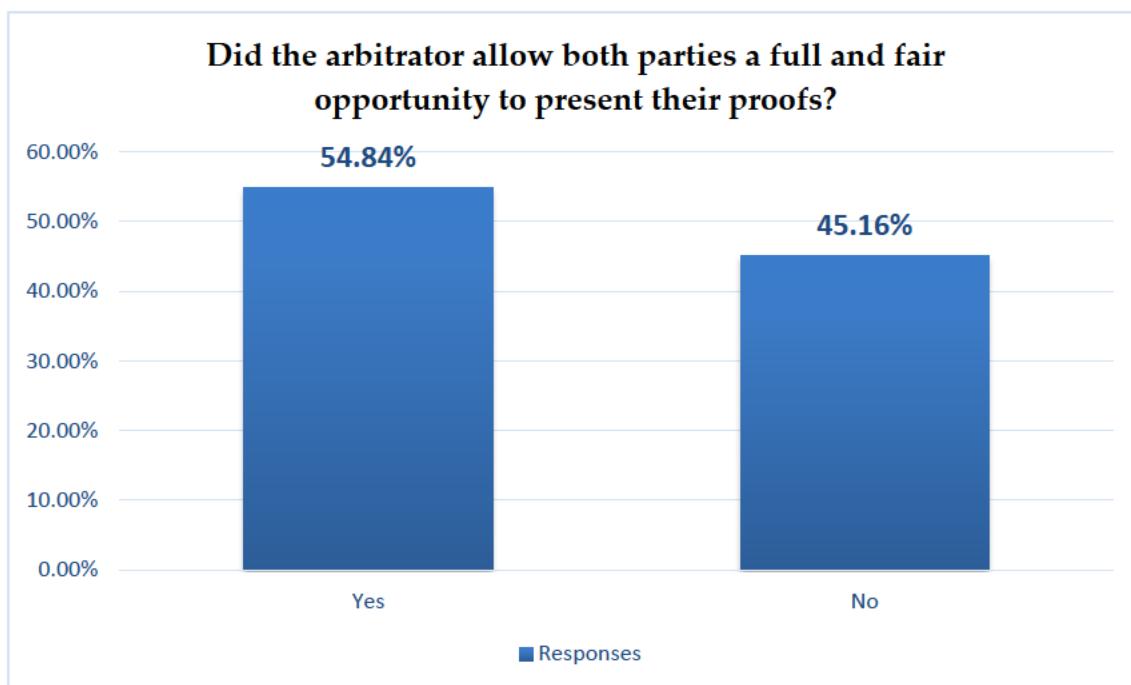


Figure 14 – Arbitrated Award No Action Survey Results California

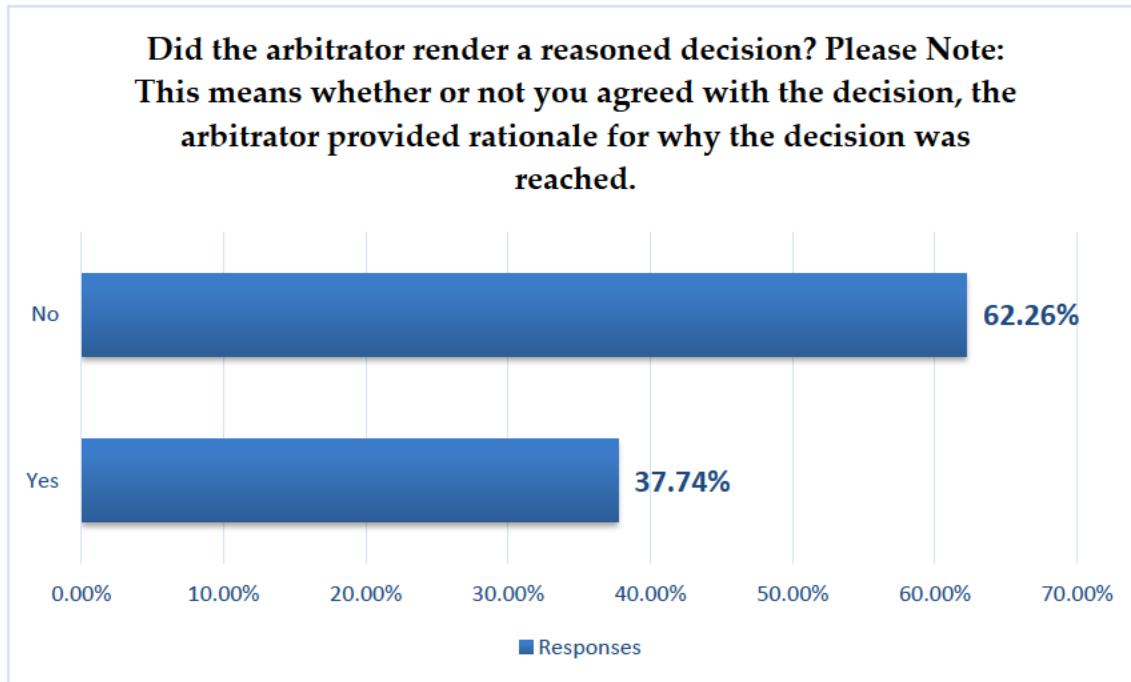


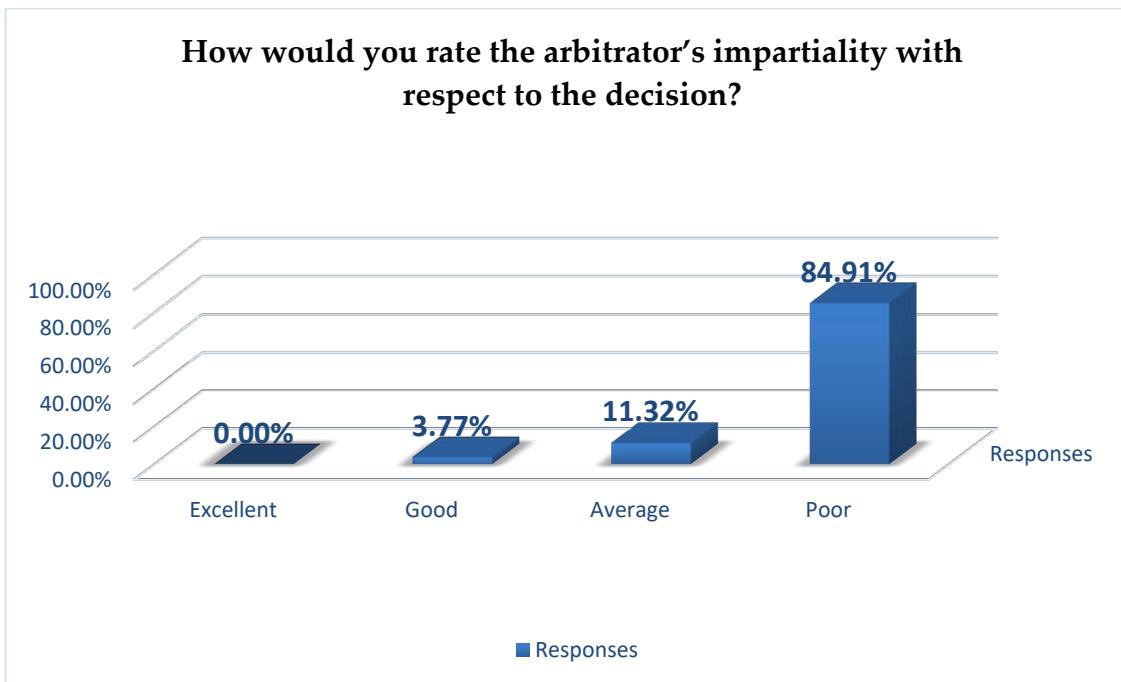
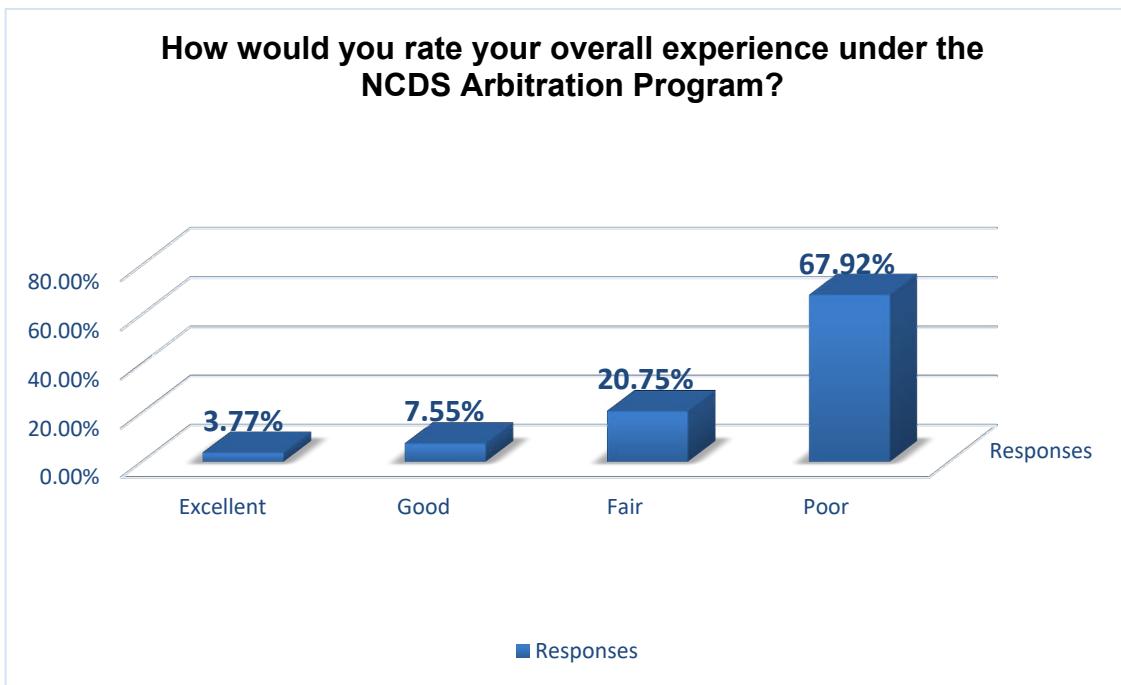
Figure 15 – Arbitrated Award No Action Survey Results California**Figure 16 – Arbitrated Award No Action Survey Results California**

Figure 17 – Mediated Survey Results California

How many times, if any, did the dealer or manufacturer attempt to repair your car before you filed a claim with NCDS?

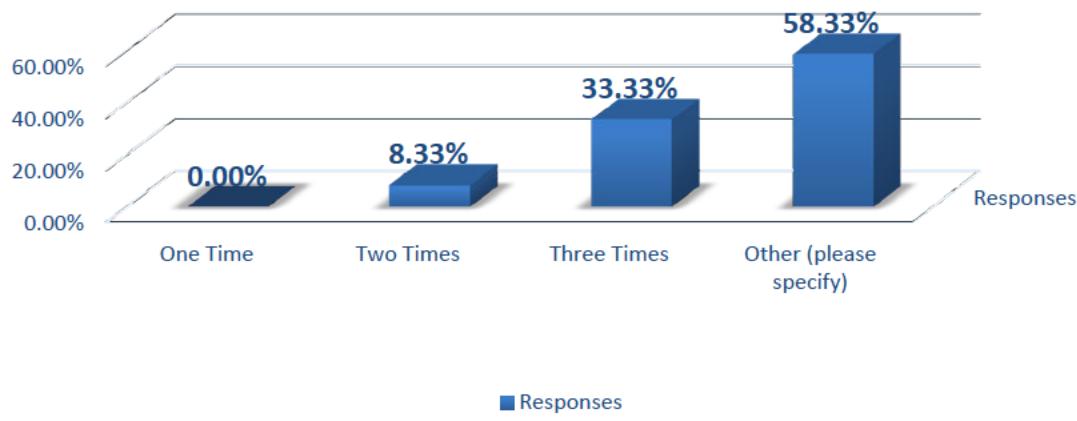


Figure 18 – Mediated Survey Results California

How did you learn about the NCDS Non-Binding Automobile Warranty Arbitration Program?

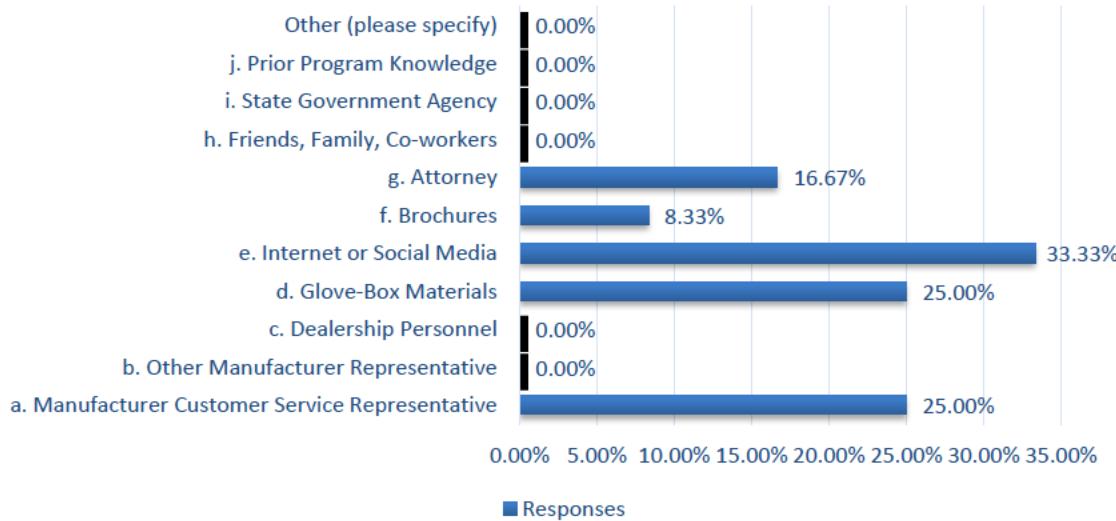
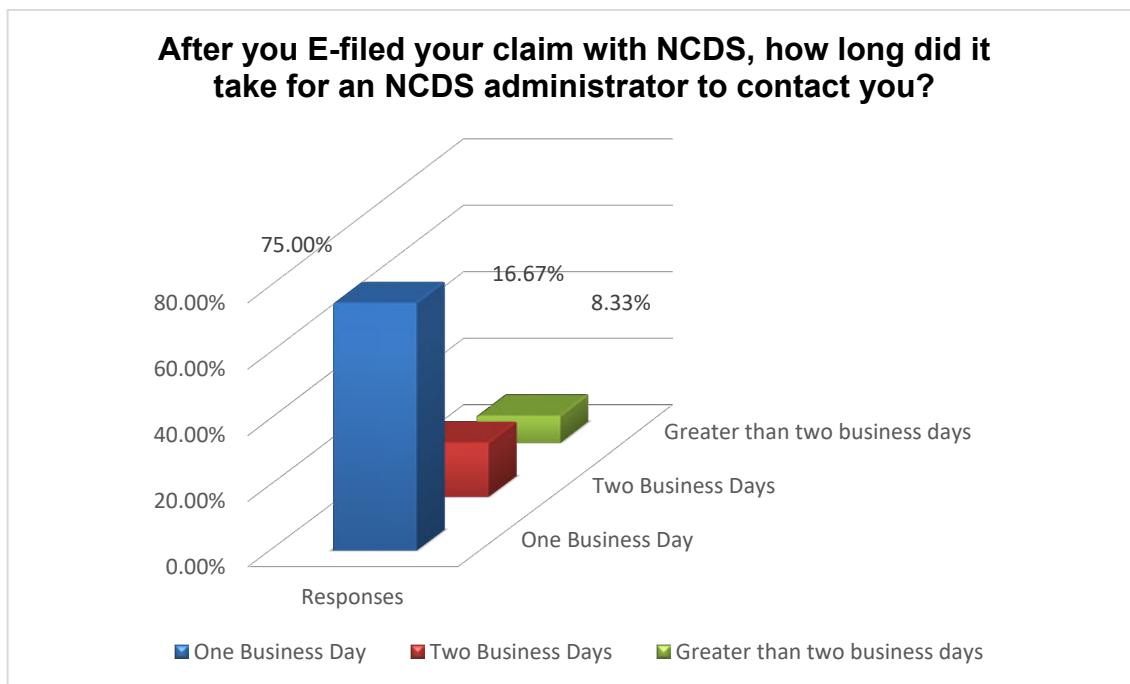


Figure 19 – Mediated Survey Results California



Appendix C

2024 Overall Study Results Ohio

This section captures the overall survey results (raw) from the sample size of participants who partook in the audit surveys and compares the results found between the different outcomes of cases. The eight areas compared were the pre-filing experience with the dealer or manufacturer, filing of claim, experience after filing of claim, the evidentiary hearing process, post-award experience, arbitrator satisfaction, satisfaction with NCDS processing their claim, and settlement of claim (mediation only). The highest percentages were highlighted based on the responses for each question for ease of comparison.

Figure 1. Ohio Overall Survey Results and Comparison Between Outcomes

| Ohio - Audit Survey Results (Overall) | | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|--|-----------------------|------------------|---------------------------------|-----------|
| Pre-filing Experience with Dealer or Manufacturer | | | | |
| Survey Questions | | Responses | | |
| Before filing a claim with NCDS, did you attempt to contact the manufacturer directly to discuss your concerns? | | | | |
| | Answer Choices | | | |
| Yes | | 100.00% | 91.67% | 100.00% |
| No | | 0.00% | 8.33% | 0.00% |
| How many times, if any, did the dealer or manufacturer attempt to repair your car before you filed a claim with NCDS? | | | | |
| | Answer Choices | | | |
| One Time | | 33.33% | 16.67% | 14.29% |
| Two Times | | 0.00% | 0.00% | 0.00% |
| Three Times | | 0.00% | 16.67% | 42.86% |
| Other (please specify) - More than Three Times | | 66.67% | 66.67% | 42.86% |

| Ohio - Audit Survey Results (Overall) | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|--|------------------|---------------------------------|-----------|
| Pre-filing Experience with Dealer or Manufacturer | | | |
| Survey Questions | | Responses | |
| How did you learn about the NCDS Non-Binding Automobile Warranty Arbitration Program? | | | |
| Answer Choices | | | |
| a. Manufacturer Customer Service Representative | 0.00% | 41.67% | 14.29% |
| b. Other Manufacturer Representative | 0.00% | 8.33% | 14.29% |
| c. Dealership Personnel | 0.00% | 8.33% | 14.29% |
| d. Glove-Box Materials | 33.33% | 25.00% | 57.14% |
| e. Internet or Social Media | 33.33% | 8.33% | 14.29% |
| f. Brochures | 0.00% | 0.00% | 0.00% |
| g. Attorney | 0.00% | 8.33% | 0.00% |
| h. Friends, Family, Co-workers | 0.00% | 8.33% | 0.00% |
| i. State Government Agency | 33.33% | 8.33% | 28.57% |
| j. Prior Program Knowledge | 0.00% | 0.00% | 0.00% |
| Other (please specify) | 33.33% | 0.00% | 0.00% |
| How did the manufacturer or dealer inform you of the NCDS Arbitration Program? | | | |
| Answer Choices | | | |
| Talked over the phone | N/A | 28.57% | 33.33% |
| Mailed or E-mailed Information | N/A | 57.14% | 0.00% |
| Website | N/A | 0.00% | 0.00% |
| Showroom Poster | N/A | 0.00% | 0.00% |
| Other (please specify) | N/A | 14.29% | 66.67% |

| Ohio - Audit Survey Results (Overall) | | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|---|-----------|------------------|---------------------------------|-----------|
| Filing of Claim | | | | |
| Survey Questions | Responses | | | |
| What method did you use to file your claim with NCDS? | | | | |
| Answer Choices | | | | |
| E-File | 66.67% | 91.67% | 100.00% | |
| Mail | 33.33% | 8.33% | 0.00% | |
| After you filed your E-File claim with NCDS, how long did it take for an NCDS administrator to contact you? | | | | |
| One Business Day | 0.00% | 9.09% | 57.14% | |
| Two Business Days | 100.00% | 54.55% | 42.86% | |
| Greater than two business days | 0.00% | 36.36% | 0.00% | |
| After you mailed and received an acknowledgement from NCDS that your claim had been received, how long did it take for an NCDS administrator to contact you? | | | | |
| One Business Day | 100.00% | 0.00% | N/A | |
| Two Business Days | 0.00% | 100.00% | N/A | |
| Greater than two business days | 0.00% | 0.00% | N/A | |

| Ohio - Audit Survey Results (Overall) | | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|---|----------------|------------------|---------------------------------|-----------|
| Filing of Claim | | | | |
| Survey Questions | | Responses | | |
| How clear were the instructions for filing the claim? | Answer Choices | | | |
| Very Clear | | 66.67% | 25.00% | 85.71% |
| Somewhat Clear | | 33.33% | 50.00% | 14.29% |
| Not Clear | | 0.00% | 25.00% | 0.00% |
| Do Not Know | | 0.00% | 0.00% | 0.00% |
| Experience After Filing a Claim | | | | |
| Whether you E-Filed or filed your claim by mail, did you <u>receive</u> the Frequently Asked Questions (FAQ) Packet at www.ncdsusa.org ? | Answer Choices | | | |
| Yes | | 100.00% | 58.33% | 100.00% |
| No | | 0.00% | 41.67% | 0.00% |
| Whether you E-Filed or filed your claim by mail, did you <u>review</u> the Frequently Asked Questions (FAQ) Packet at www.ncdsusa.org ? | Answer Choices | | | |
| Yes | | 100.00% | 58.33% | 100.00% |
| No | | 0.00% | 41.67% | 0.00% |

| Ohio - Audit Survey Results (Overall) | | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|--|-----------------------|------------------|---------------------------------|-----------|
| Experience After Filing a Claim | | | | |
| Survey Questions | | Responses | | |
| How clear was the information presented in the FAQ? | Answer Choices | 33.33% | 25.00% | 71.43% |
| Very Clear | | 66.67% | 33.33% | 28.57% |
| Somewhat Clear | | 0.00% | 16.67% | 0.00% |
| Not Clear | | 0.00% | 25.00% | 0.00% |
| Do Not Know | | | | |
| How helpful was the information presented in the FAQ? | Answer Choices | 0.00% | 25.00% | 85.71% |
| Very Helpful | | 100.00% | 16.67% | 14.29% |
| Moderately Helpful | | 0.00% | 33.33% | 0.00% |
| Not At All Helpful | | 0.00% | 25.00% | 0.00% |
| Do Not Know | | | | |
| Did you <u>receive</u> the Non-Binding Program Rules at www.ncdsusa.org? | Answer Choices | 100.00% | 91.67% | 100.00% |
| Yes | | 0.00% | 8.33% | 0.00% |
| No | | | | |
| Did you <u>review</u> the Non-Binding Program Rules at www.ncdsusa.org? | Answer Choices | 100.00% | 91.67% | 100.00% |
| Yes | | 0.00% | 8.33% | 0.00% |
| No | | | | |

| Ohio - Audit Survey Results (Overall) | | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|--|-----------------------|------------------|---------------------------------|-----------|
| Experience After Filing a Claim | | | | |
| Survey Questions | | Responses | | |
| How clear were the Program Rules? | Answer Choices | 0.00% | 16.67% | 71.43% |
| Very Clear | | | | |
| Somewhat Clear | | 100.00% | 66.67% | 28.57% |
| Not Clear | | 0.00% | 16.67% | 0.00% |
| Do Not Know | | 0.00% | 0.00% | 0.00% |
| How helpful were the Program Rules in explaining the arbitration process? | Answer Choices | 33.33% | 16.67% | 71.43% |
| Very Helpful | | | | |
| Moderately Helpful | | 66.67% | 58.33% | 28.57% |
| Not At All Helpful | | 0.00% | 25.00% | 0.00% |
| Do Not Know | | 0.00% | 0.00% | 0.00% |
| Did you receive a hearing notice from NCDS? | Answer Choices | 100.00% | 91.67% | N/A |
| Yes | | | | |
| No | | 0.00% | 8.33% | N/A |
| Either before or after you received your hearing notice, did you hire an attorney to represent you or to be present at the hearing? | Answer Choices | 0.00% | 16.67% | N/A |
| Yes | | | | |
| No | | 100.00% | 83.33% | N/A |

| Ohio - Audit Survey Results (Overall) | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|--|---------------------------------|---------------------------------|-----------|
| | Experience After Filing a Claim | | |
| Survey Questions | Responses | | |
| If you filed a documents only hearing, which of the following <u>best</u> describes why you chose a documents only hearing? Otherwise, select "No, I did not file a documents only hearing" below. | | | |
| Answer Choices | | | |
| a. More convenient to have an arbitration panel review documents | 33.33% | 8.33% | N/A |
| b. Unable to get time off work | 0.00% | 16.67% | N/A |
| c. Family or health conflicts | 0.00% | 8.33% | N/A |
| Other (please specify) | 33.33% | 41.67% | N/A |
| No, I did not file a documents only hearing | 33.33% | 25.00% | N/A |
| The Evidentiary Hearing Process | | | |
| Did the arbitrator start the hearing on time? | | | |
| Answer Choices | | | |
| Yes | 0.00% | 100.00% | N/A |
| No | 100.00% | 0.00% | N/A |
| Did the arbitrator explain the arbitration hearing process to both parties? In other words, did the arbitrator explain that each party would be allowed to present and rebut evidence, and that the arbitrator did not have any conflicts of interest to disclose? | | | |
| Answer Choices | | | |
| Yes | 0.00% | 100.00% | N/A |
| No | 100.00% | 0.00% | N/A |

| Ohio - Audit Survey Results (Overall) | | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|--|--|------------------|---------------------------------|-----------|
| The Evidentiary Hearing Process | | | | |
| Survey Questions | | Responses | | |
| Did the arbitrator allow both parties a full and fair opportunity to present their proofs? | | | | |
| Answer Choices | | | | |
| Yes | | 100.00% | 66.67% | N/A |
| No | | 0.00% | 33.33% | N/A |
| During the hearing, did you or the manufacturer request a third party, independent technical inspection of your vehicle? | | | | |
| Answer Choices | | | | |
| Yes | | 0.00% | 0.00% | N/A |
| No | | 100.00% | 100.00% | N/A |
| Post-award Experience | | | | |
| How was the arbitrator's decision communicated to you? | | | | |
| Answer Choices | | | | |
| By Email | | 100.00% | 83.33% | N/A |
| By Mail | | 0.00% | 16.67% | N/A |
| Other Method (please specify) | | 0.00% | 0.00% | N/A |

| Ohio - Audit Survey Results (Overall) | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|---|------------------|---------------------------------|-----------|
| Post-award Experience | | | |
| Survey Questions | Responses | | |
| Which of the following <u>best</u> describes the decision made by the arbitrator? | | | |
| Answer Choices | | | |
| A refund, where the manufacturer would give you money for your car | 66.67% | 0.00% | 42.86% |
| A replacement, where the manufacturer would replace your existing car with a new car | 0.00% | 0.00% | 42.86% |
| Reimbursement, where the manufacturer would reimburse you for incidental costs associated with the repair of your car | 0.00% | 0.00% | 0.00% |
| A Repair | 33.33% | 8.33% | 14.29% |
| No Relief Granted | 0.00% | 91.67% | 0.00% |
| Did the arbitrator accurately identify the nature of the non-conformity you alleged in your claim? | | | |
| Answer Choices | | | |
| Yes | 100.00% | 8.33% | N/A |
| No | 0.00% | 91.67% | N/A |
| Did the arbitrator include a summary of the testimony at the hearing? | | | |
| Answer Choices | | | |
| Yes | 100.00% | 41.67% | N/A |
| No | 0.00% | 58.33% | N/A |

| Ohio - Audit Survey Results (Overall) | | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|--|----------------|------------------|---------------------------------|-----------|
| Post-award Experience | | | | |
| Survey Questions | | Responses | | |
| Was the arbitrator's decision clear? | Answer Choices | 100.00% | 33.33% | N/A |
| Yes | | 100.00% | 33.33% | N/A |
| No | | 0.00% | 66.67% | N/A |
| Did the arbitrator render a reasoned decision? <i>Please Note: This means whether or not you agreed with the decision, the arbitrator provided rationale for why the decision was reached.</i> | Answer Choices | 100.00% | 41.67% | N/A |
| Yes | | 100.00% | 41.67% | N/A |
| No | | 0.00% | 58.33% | N/A |
| Did you return to NCDS the Decision Acceptance / Rejection Form? | Answer Choices | 100.00% | 41.67% | N/A |
| Yes | | 100.00% | 41.67% | N/A |
| No | | 0.00% | 58.33% | N/A |

| Ohio - Audit Survey Results (Overall) | | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|--|--|------------------|---------------------------------|-----------|
| Arbitrator Satisfaction | | | | |
| Survey Questions | | Responses | | |
| How would you rate the arbitrator in terms of understanding the facts of your case? | | | | |
| Answer Choices | | | | |
| Excellent | | 66.67% | 0.00% | N/A |
| Good | | 33.33% | 0.00% | N/A |
| Average | | 0.00% | 25.00% | N/A |
| Poor | | 0.00% | 75.00% | N/A |
| How would you rate the arbitrator's objectivity and fairness? | | | | |
| Answer Choices | | | | |
| Excellent | | 66.67% | 0.00% | N/A |
| Good | | 0.00% | 0.00% | N/A |
| Average | | 33.33% | 16.67% | N/A |
| Poor | | 0.00% | 83.33% | N/A |
| How would you rate the arbitrator's impartiality during the hearing? | | | | |
| Answer Choices | | | | |
| Excellent | | 66.67% | 8.33% | N/A |
| Good | | 0.00% | 0.00% | N/A |
| Average | | 33.33% | 8.33% | N/A |
| Poor | | 0.00% | 83.33% | N/A |

| Ohio - Audit Survey Results (Overall) | | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|---|----------------|------------------|---------------------------------|-----------|
| Arbitrator Satisfaction | | | | |
| Survey Questions | | Responses | | |
| How would you rate the arbitrator's impartiality with respect to the decision? | Answer Choices | 66.67% | 10.00% | N/A |
| Excellent | | | | |
| Good | | 33.33% | 0.00% | N/A |
| Average | | 0.00% | 30.00% | N/A |
| Poor | | 0.00% | 60.00% | N/A |
| Satisfaction with NCDS Processing Claim | | | | |
| How would you rate the timeliness of the communications between you and the NCDS administrator? | Answer Choices | 66.67% | 8.33% | 71.43% |
| Excellent | | | | |
| Good | | 33.33% | 0.00% | 14.29% |
| Fair | | 0.00% | 0.00% | 14.29% |
| Poor | | 0.00% | 91.67% | 0.00% |
| How would you rate the helpfulness of the NCDS staff? | Answer Choices | 33.33% | 25.00% | 57.14% |
| Excellent | | | | |
| Good | | 66.67% | 16.67% | 42.86% |
| Fair | | 0.00% | 16.67% | 0.00% |
| Poor | | 0.00% | 41.67% | 0.00% |

| Ohio - Audit Survey Results (Overall) | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|---|------------------|---------------------------------|-----------|
| Satisfaction with NCDS Processing Claim | | | |
| Survey Questions | Responses | | |
| How would you rate your overall experience under the NCDS Arbitration Program? | | | |
| Answer Choices | | | |
| Excellent | 33.33% | 0.00% | 57.14% |
| Good | 0.00% | 0.00% | 28.57% |
| Fair | 33.33% | 16.67% | 14.29% |
| Poor | 33.33% | 83.33% | 0.00% |
| Would you recommend the NCDS Arbitration Program to friends and family? | | | |
| Answer Choices | | | |
| Yes | 66.67% | 0.00% | 100.00% |
| No | 33.33% | 100.00% | 0.00% |

| Ohio - Audit Survey Results (Overall) | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|--|------------------|---------------------------------|-----------|
| Survey Questions | Responses | | |
| Settlement of Claim *Mediation Only* | | | |
| Before the case proceeded to arbitration, did you agree to settle your case with the manufacturer? | | | |
| Yes | N/A | N/A | 100.00% |
| No | N/A | N/A | 0.00% |
| After you reached a settlement, did you receive a letter from NCDS explaining the terms of the settlement? | | | |
| Yes | N/A | N/A | 85.71% |
| No | N/A | N/A | 14.29% |
| After you received your settlement confirmation, did you pursue your case further? | | | |
| Yes | N/A | N/A | 14.29% |
| No | N/A | N/A | 85.71% |
| If so, please let us know the method you used. | | | |
| Re-initiated contact with NCDS | N/A | N/A | 0.00% |
| Contacted an attorney | N/A | N/A | 0.00% |
| Contacted a state agency | N/A | N/A | 0.00% |
| Contacted dealer or manufacturer | N/A | N/A | 100.00% |
| Other (please specify) | N/A | N/A | 0.00% |

Appendix D

2024 Charts of Survey Questions Ohio

Figure 1 – Arbitrated Award Survey Results

How many times, if any, did the dealer or manufacturer attempt to repair your car before you filed a claim with NCDS?

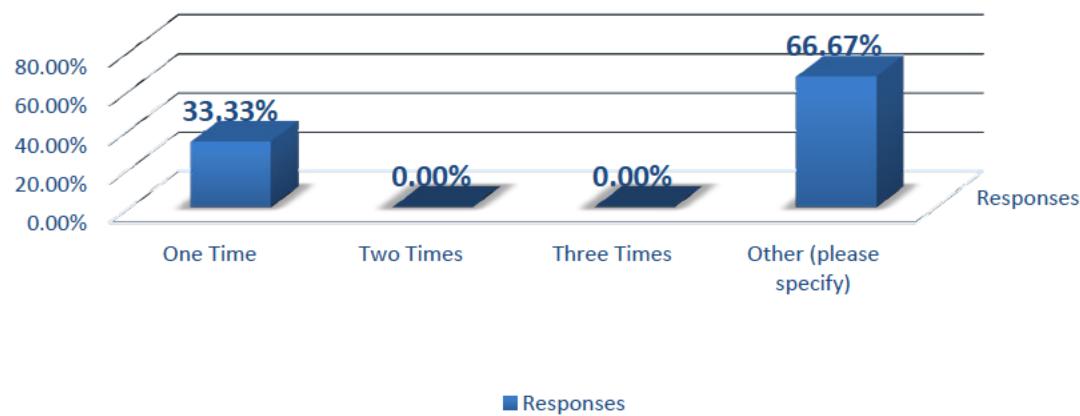


Figure 2 – Arbitrated Award Survey Results

How did you learn about the NCDS Non-Binding Automobile Warranty Arbitration Program?

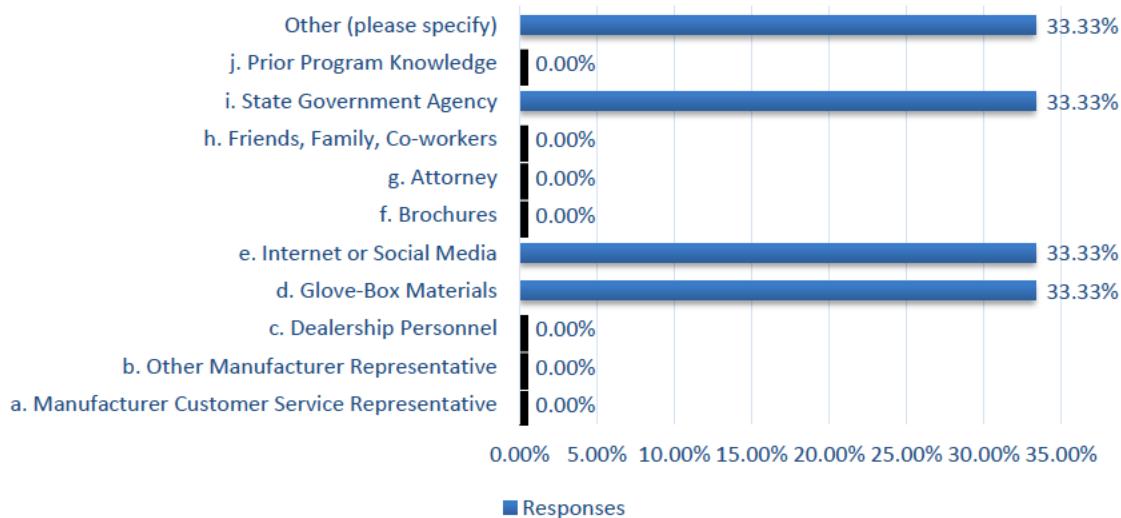
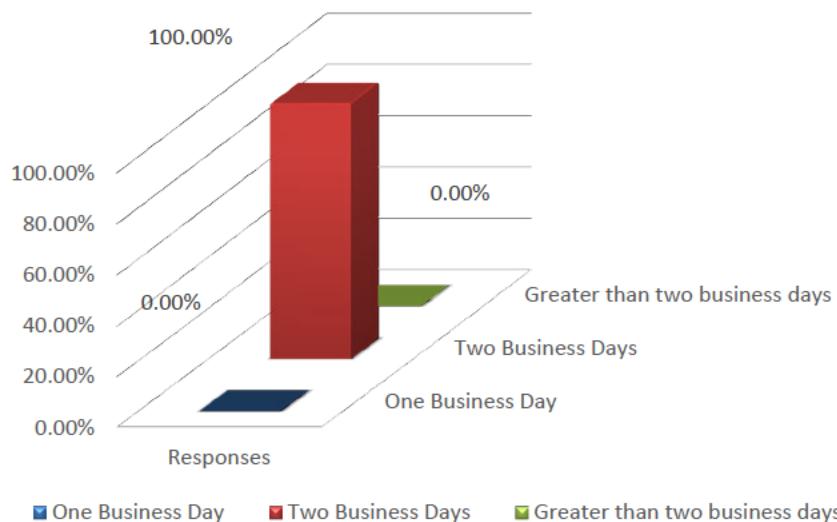


Figure 3 – Arbitrated Award Survey Results

After you filed your E-File claim with NCDS, how long did it take for an NCDS administrator to contact you?

**Figure 4 – Arbitrated Award Survey Results**

Did the arbitrator explain the arbitration hearing process to both parties?

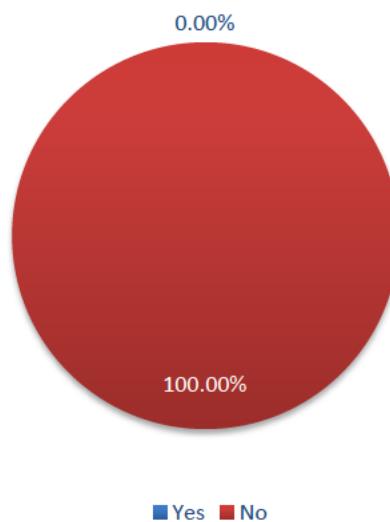


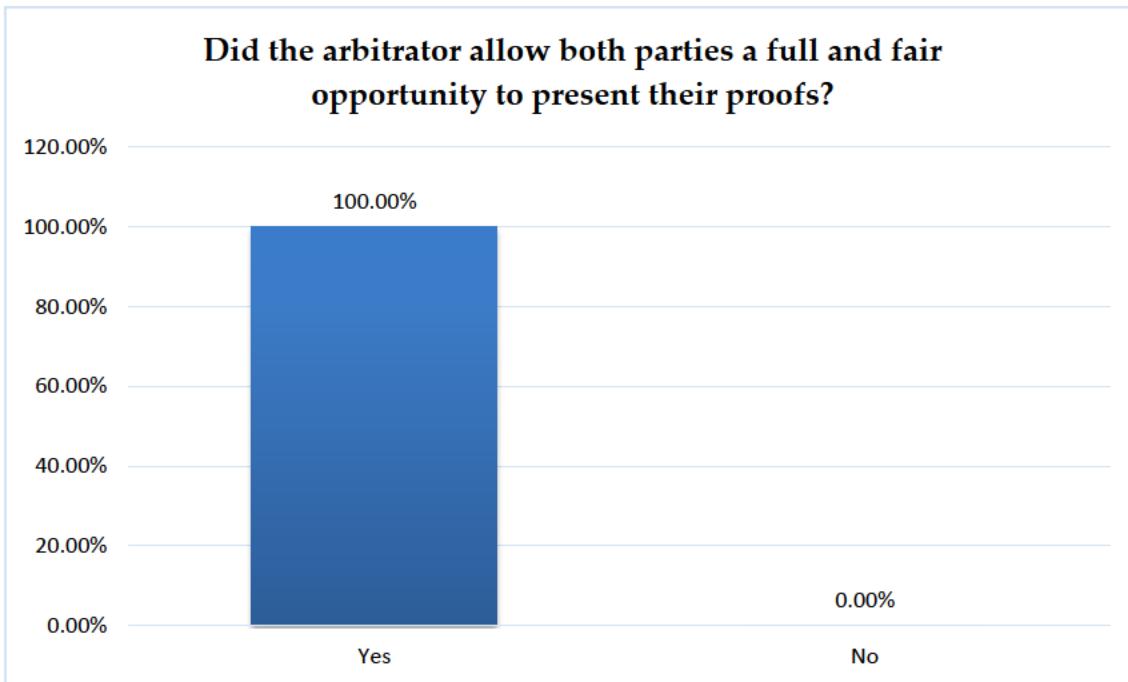
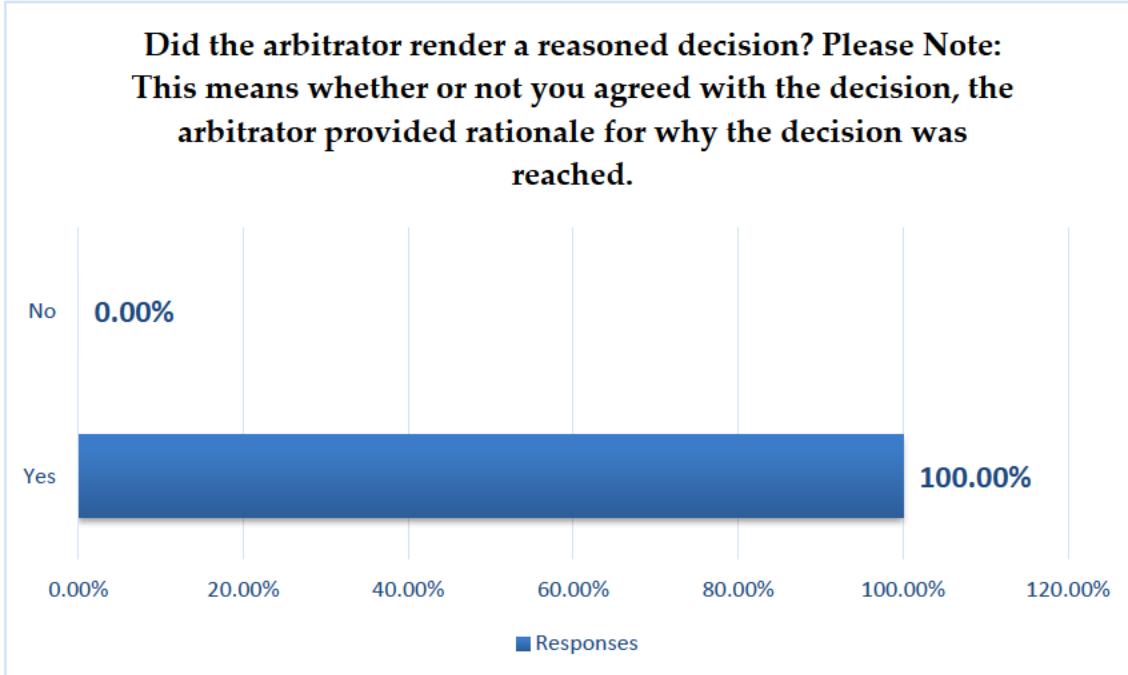
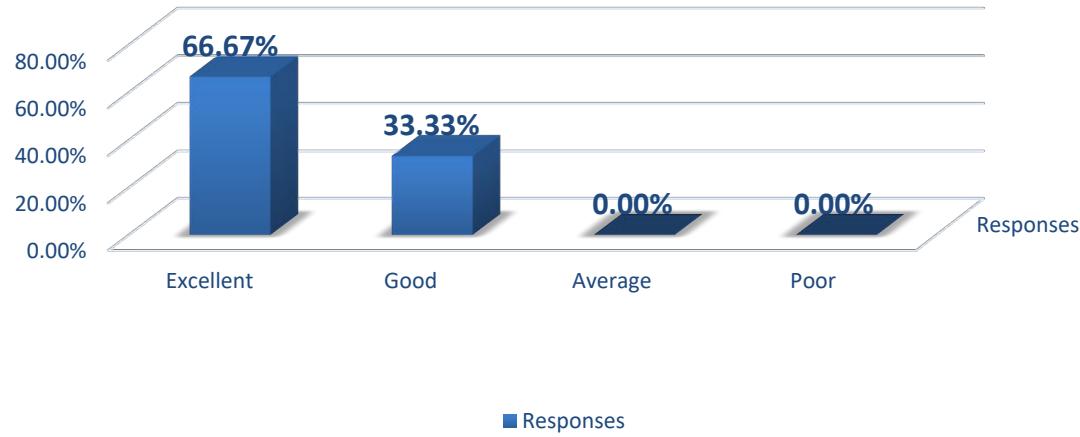
Figure 5 – Arbitrated Award Survey Results**Figure 6 – Arbitrated Award Survey Results**

Figure 7 – Arbitrated Award Survey Results

How would you rate the arbitrator's impartiality with respect to the decision?

**Figure 8 – Arbitrated Award Survey Results**

How would you rate your overall experience under the NCDS Arbitration Program?

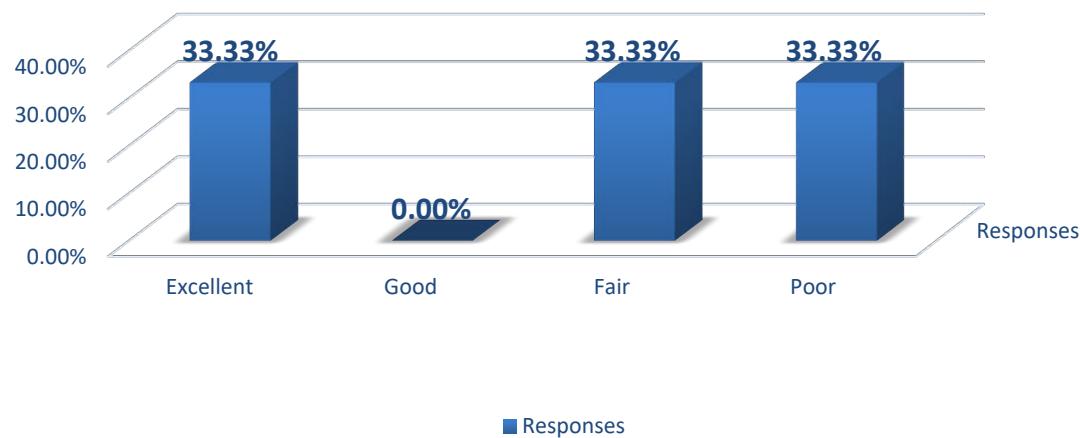
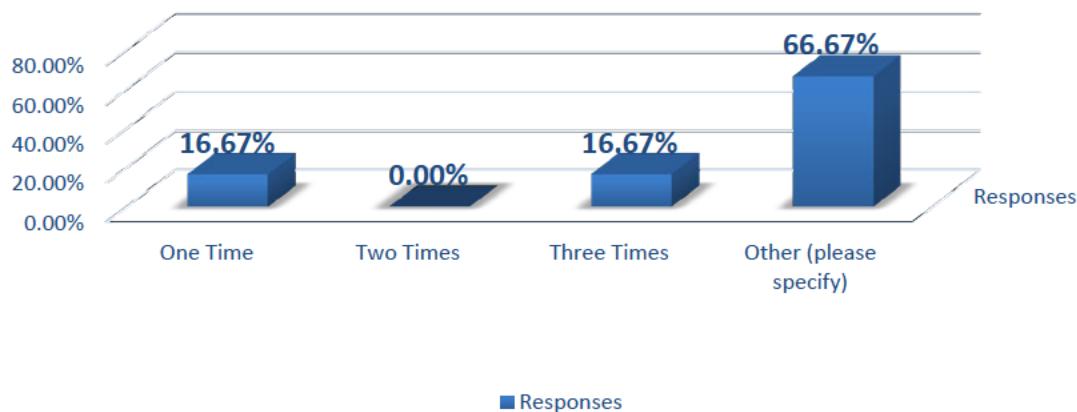


Figure 9 – Arbitrated Award No Action Survey Results

How many times, if any, did the dealer or manufacturer attempt to repair your car before you filed a claim with NCDS?

**Figure 10 – Arbitrated Award No Action Survey Results**

How did you learn about the NCDS Non-Binding Automobile Warranty Arbitration Program?

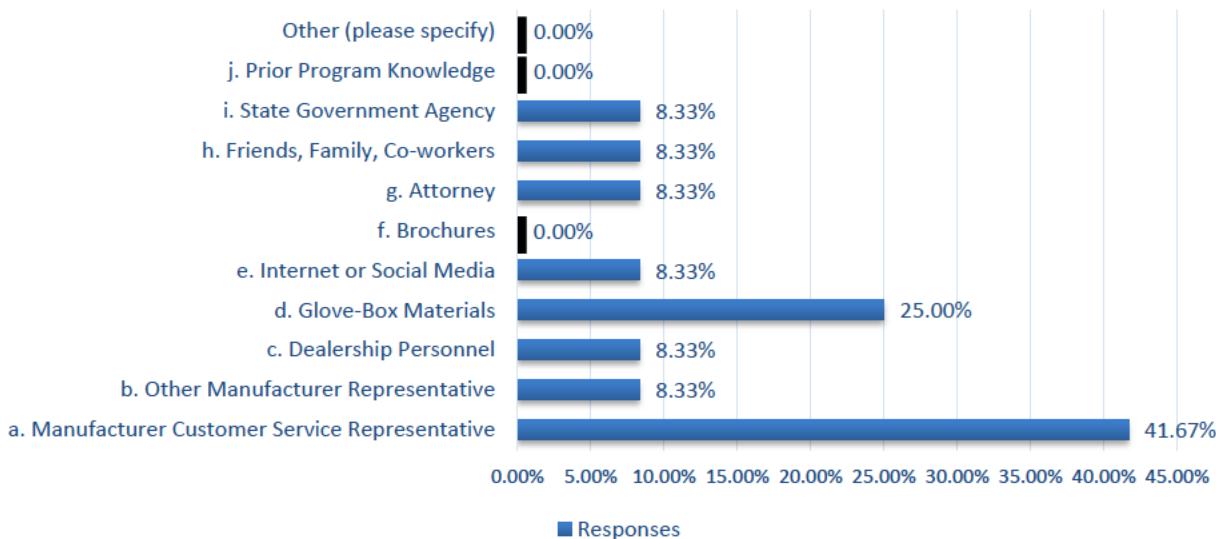
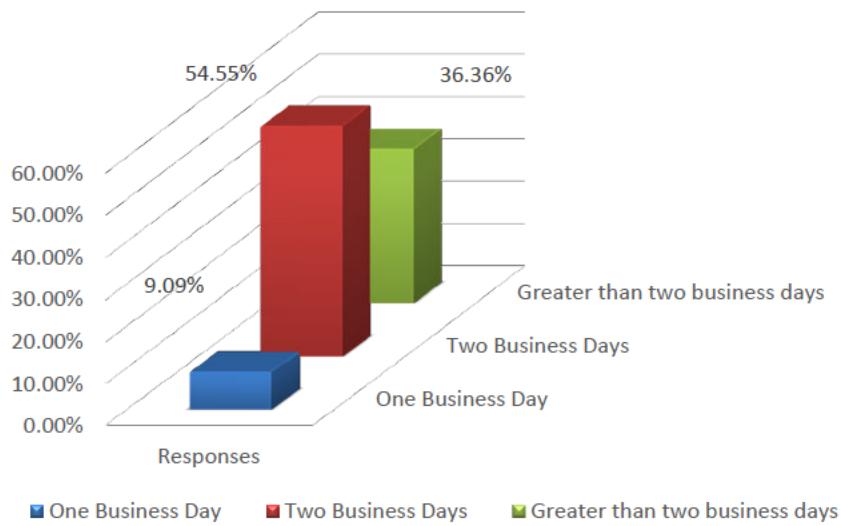


Figure 11 – Arbitrated Award No Action Survey Results

After you filed your E-File claim with NCDS, how long did it take for an NCDS administrator to contact you?

**Figure 12 – Arbitrated Award No Action Survey Results**

Did the arbitrator explain the arbitration hearing process to both parties? In other words, did the arbitrator explain that each party would be allowed to present and rebut evidence, and the arbitrator did not have any conflicts of interest to disclose?



Figure 13 – Arbitrated Award No Action Survey Results

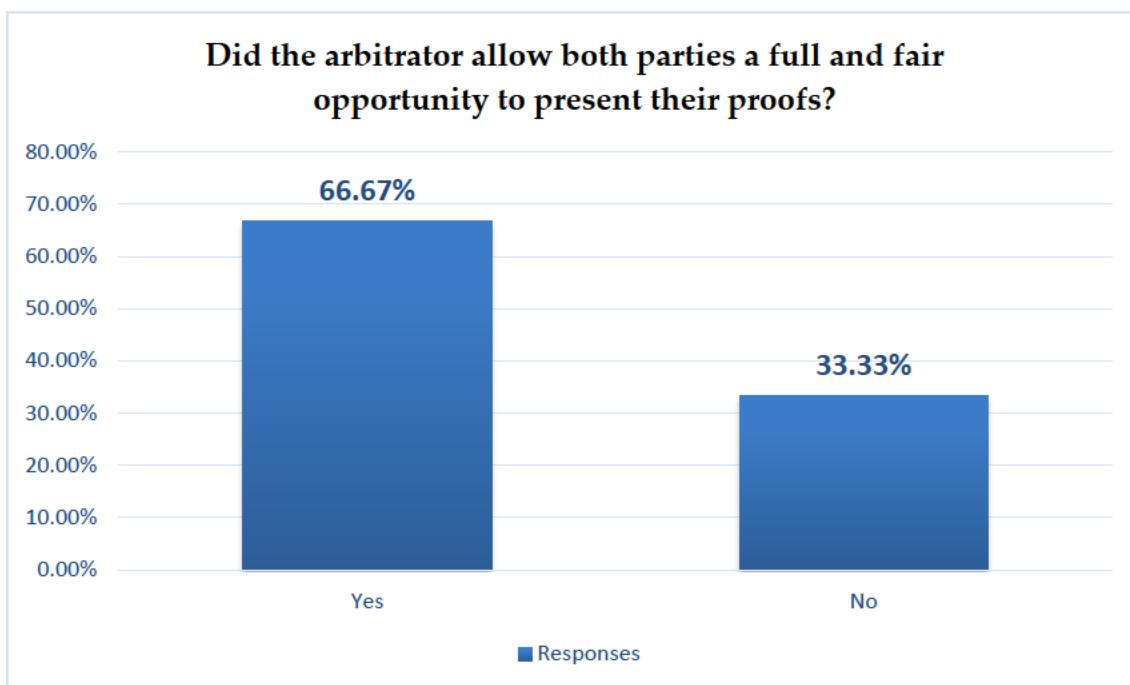


Figure 14 – Arbitrated Award No Action Survey Results

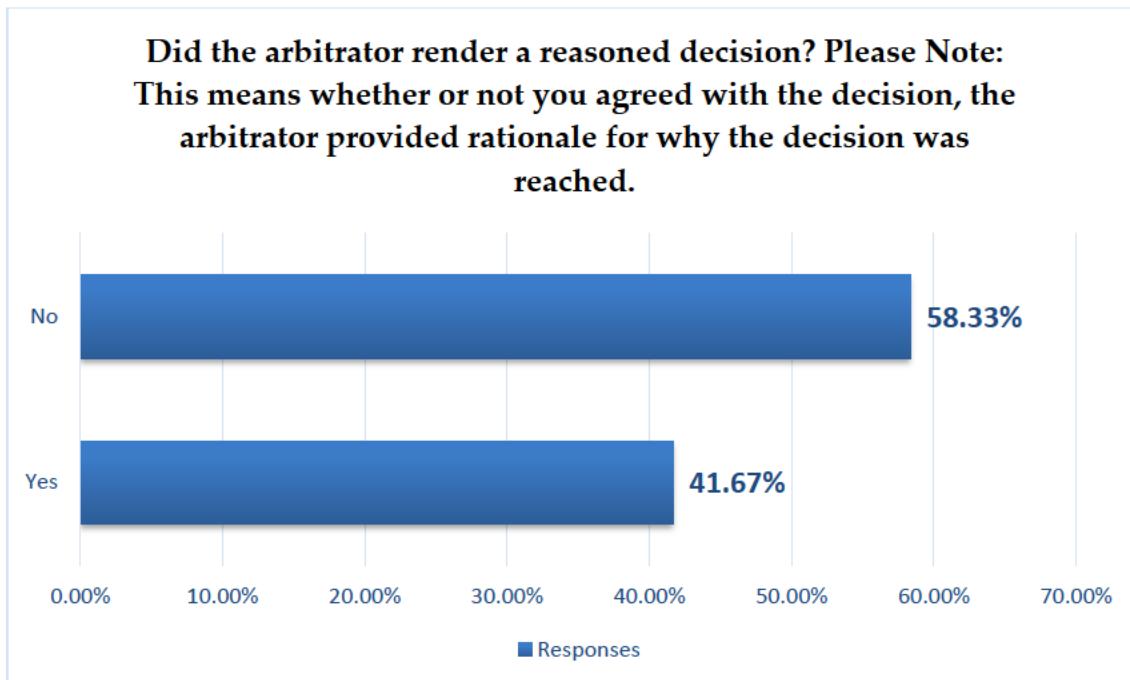


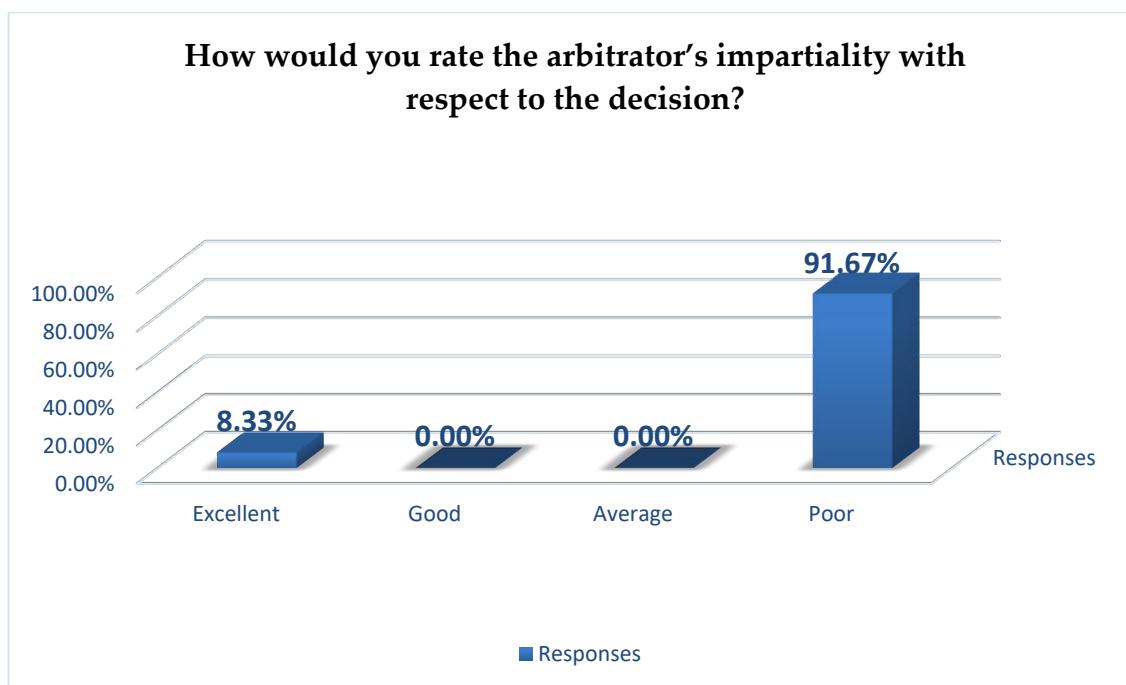
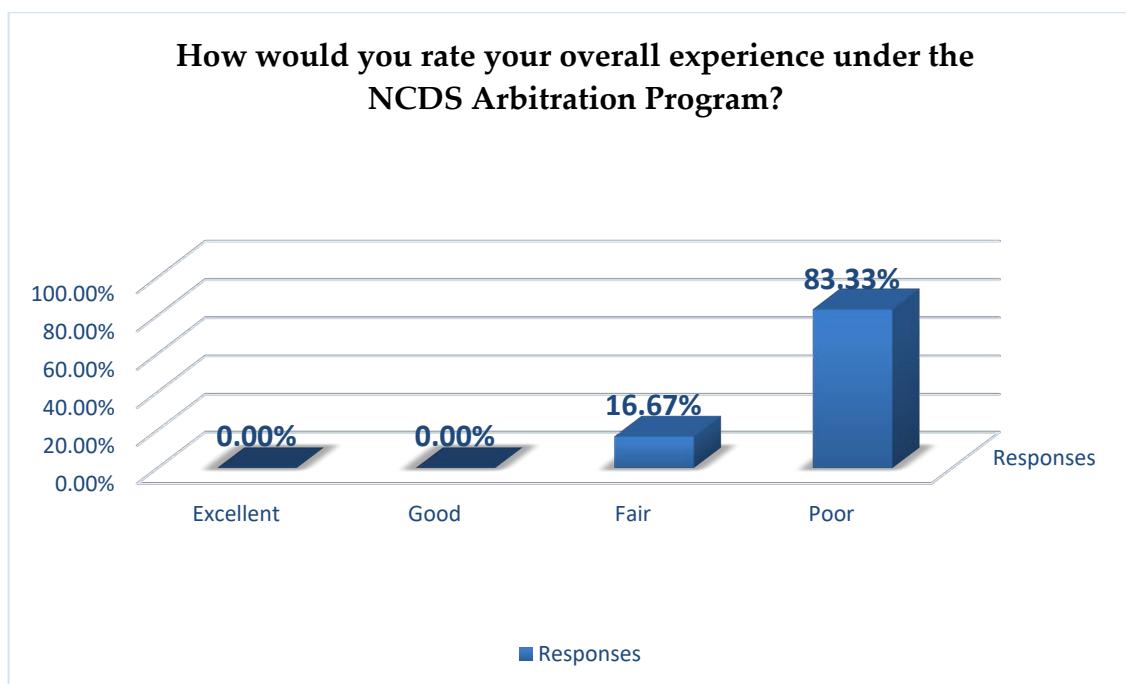
Figure 15 – Arbitrated Award No Action Survey Results**Figure 16 – Arbitrated Award No Action Survey Results**

Figure 17 – Mediated Survey Results

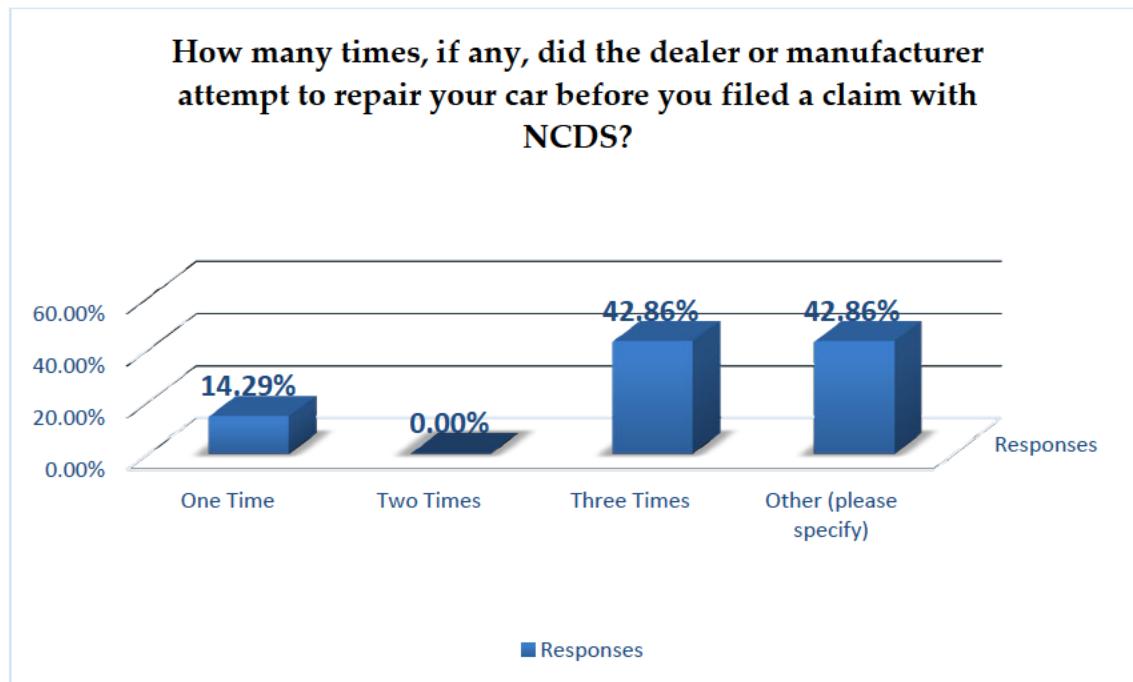


Figure 18 – Mediated Survey Results

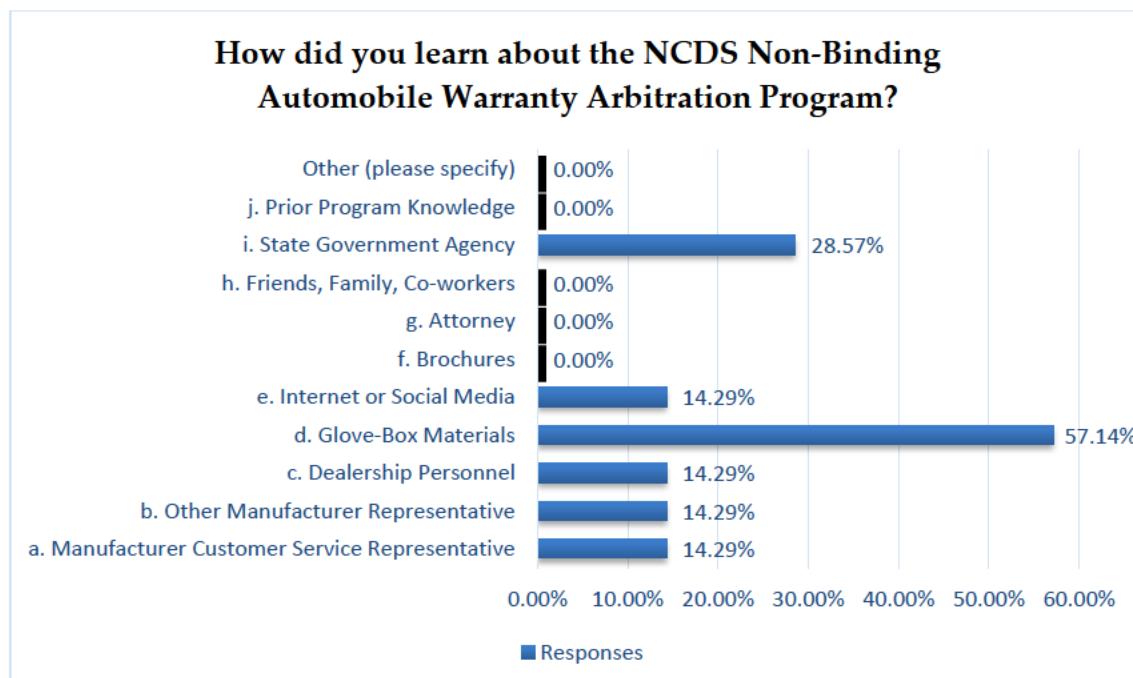
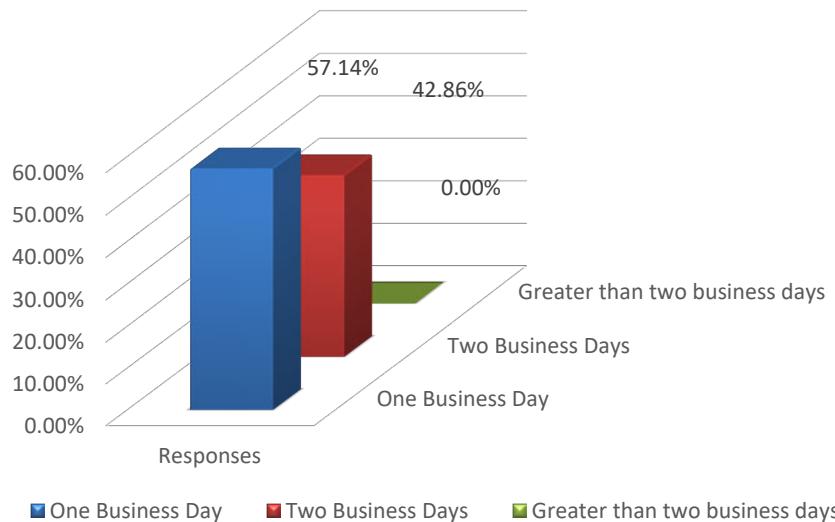


Figure 19 – Mediated Survey Results

After you E-filed your claim with NCDS, how long did it take for an NCDS administrator to contact you?



Appendix E

2024 Overall Study Results Florida

This section captures the overall survey results (raw) from the sample size of participants who partook in the audit surveys and compares the results found between the different outcomes of cases. The eight areas compared were the pre-filing experience with the dealer or manufacturer, filing of claim, experience after filing of claim, the evidentiary hearing process, post-award experience, arbitrator satisfaction, satisfaction with NCDS processing their claim, and settlement of claim (mediation only). The highest percentages were highlighted based on the responses for each question for ease of comparison.

Figure 1. Florida Overall Survey Results and Comparison Between Outcomes

| Florida - Audit Survey Results (Overall) | | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|--|-----------------------|------------------|---------------------------------|-----------|
| Pre-filing Experience with Dealer or Manufacturer | | | | |
| Survey Questions | | Responses | | |
| Before filing a claim with NCDS, did you attempt to contact the manufacturer directly to discuss your concerns? | | | | |
| | Answer Choices | | | |
| Yes | | 100.00% | 90.32% | 100.00% |
| No | | 0.00% | 9.68% | 0.00% |
| How many times, if any, did the dealer or manufacturer attempt to repair your car before you filed a claim with NCDS? | | | | |
| | Answer Choices | | | |
| One Time | | 0.00% | 0.00% | 0.00% |
| Two Times | | 0.00% | 3.23% | 25.00% |
| Three Times | | 0.00% | 25.81% | 50.00% |
| Other (please specify) - More than Three Times | | 100.00% | 70.97% | 25.00% |

| Florida - Audit Survey Results (Overall) | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|--|------------------|---------------------------------|-----------|
| Pre-filing Experience with Dealer or Manufacturer | | | |
| Survey Questions | | Responses | |
| How did you learn about the NCDS Non-Binding Automobile Warranty Arbitration Program? | | | |
| Answer Choices | | | |
| a. Manufacturer Customer Service Representative | 0.00% | 29.03% | 0.00% |
| b. Other Manufacturer Representative | 0.00% | 3.23% | 0.00% |
| c. Dealership Personnel | 33.33% | 6.45% | 0.00% |
| d. Glove-Box Materials | 0.00% | 22.58% | 0.00% |
| e. Internet or Social Media | 33.33% | 19.35% | 0.00% |
| f. Brochures | 0.00% | 3.23% | 25.00% |
| g. Attorney | 0.00% | 0.00% | 25.00% |
| h. Friends, Family, Co-workers | 0.00% | 3.23% | 25.00% |
| i. State Government Agency | 0.00% | 6.45% | 0.00% |
| j. Prior Program Knowledge | 33.33% | 3.23% | 0.00% |
| Other (please specify) | 0.00% | 16.13% | 50.00% |
| How did the manufacturer or dealer inform you of the NCDS Arbitration Program? | | | |
| Answer Choices | | | |
| Talked over the phone | 0.00% | 54.55% | N/A |
| Mailed or E-mailed Information | 0.00% | 9.09% | N/A |
| Website | 100.00% | 0.00% | N/A |
| Showroom Poster | 0.00% | 9.09% | N/A |
| Other (please specify) | 0.00% | 27.27% | N/A |

| Florida - Audit Survey Results (Overall) | | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|--|----------------|------------------|---------------------------------|-----------|
| Filing of Claim | | | | |
| Survey Questions | | Responses | | |
| What method did you use to file your claim with NCDS? | Answer Choices | | | |
| E-File | | 100.00% | 87.10% | 100.00% |
| Mail | | 0.00% | 12.90% | 0.00% |
| After you filed your E-File claim with NCDS, how long did it take for an NCDS administrator to contact you? | | | | |
| One Business Day | | 100.00% | 22.22% | 25.00% |
| Two Business Days | | 0.00% | 40.74% | 75.00% |
| Greater than two business days | | 0.00% | 37.04% | 0.00% |
| After you mailed and received an acknowledgement from NCDS that your claim had been received, how long did it take for an NCDS administrator to contact you? | | | | |
| One Business Day | | N/A | 25.00% | N/A |
| Two Business Days | | N/A | 75.00% | N/A |
| Greater than two business days | | N/A | 0.00% | N/A |

| Florida - Audit Survey Results (Overall) | | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|---|----------------|------------------|---------------------------------|-----------|
| Filing of Claim | | | | |
| Survey Questions | | Responses | | |
| How clear were the instructions for filing the claim? | Answer Choices | | | |
| Very Clear | | 100.00% | 45.16% | 75.00% |
| Somewhat Clear | | 0.00% | 45.16% | 25.00% |
| Not Clear | | 0.00% | 6.45% | 0.00% |
| Do Not Know | | 0.00% | 3.23% | 0.00% |
| Experience After Filing a Claim | | | | |
| Whether you E-Filed or filed your claim by mail, did you <u>receive</u> the Frequently Asked Questions (FAQ) Packet at www.ncdsusa.org? | Answer Choices | | | |
| Yes | | 66.67% | 74.19% | 100.00% |
| No | | 33.33% | 25.81% | 0.00% |
| Whether you E-Filed or filed your claim by mail, did you <u>review</u> the Frequently Asked Questions (FAQ) Packet at www.ncdsusa.org? | Answer Choices | | | |
| Yes | | 100.00% | 77.42% | 100.00% |
| No | | 0.00% | 22.58% | 0.00% |

| Florida - Audit Survey Results (Overall) | | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|--|-----------|------------------|---------------------------------|-----------|
| Experience After Filing a Claim | | | | |
| Survey Questions | Responses | | | |
| How clear was the information presented in the FAQ? | | | | |
| Answer Choices | | | | |
| Very Clear | 66.67% | 29.03% | 75.00% | |
| Somewhat Clear | 33.33% | 58.06% | 25.00% | |
| Not Clear | 0.00% | 6.45% | 0.00% | |
| Do Not Know | 0.00% | 6.45% | 0.00% | |
| How helpful was the information presented in the FAQ? | | | | |
| Answer Choices | | | | |
| Very Helpful | 66.67% | 22.58% | 50.00% | |
| Moderately Helpful | 33.33% | 45.16% | 50.00% | |
| Not At All Helpful | 0.00% | 12.90% | 0.00% | |
| Do Not Know | 0.00% | 19.35% | 0.00% | |
| Did you <u>receive</u> the Non-Binding Program Rules at www.ncdsusa.org? | | | | |
| Answer Choices | | | | |
| Yes | 100.00% | 83.87% | 100.00% | |
| No | 0.00% | 16.13% | 0.00% | |
| Did you <u>review</u> the Non-Binding Program Rules at www.ncdsusa.org? | | | | |
| Answer Choices | | | | |
| Yes | 100.00% | 87.10% | 100.00% | |
| No | 0.00% | 12.90% | 0.00% | |

| Florida - Audit Survey Results (Overall) | | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|--|-----------------------|------------------|---------------------------------|-----------|
| Experience After Filing a Claim | | | | |
| Survey Questions | | Responses | | |
| How clear were the Program Rules? | Answer Choices | | | |
| Very Clear | | 100.00% | 32.26% | 75.00% |
| Somewhat Clear | | 0.00% | 54.84% | 25.00% |
| Not Clear | | 0.00% | 6.45% | 0.00% |
| Do Not Know | | 0.00% | 6.45% | 0.00% |
| How helpful were the Program Rules in explaining the arbitration process? | Answer Choices | | | |
| Very Helpful | | 100.00% | 29.03% | 75.00% |
| Moderately Helpful | | 0.00% | 51.61% | 25.00% |
| Not At All Helpful | | 0.00% | 9.68% | 0.00% |
| Do Not Know | | 0.00% | 9.68% | 0.00% |
| Did you receive a hearing notice from NCDS? | Answer Choices | | | |
| Yes | | 100.00% | 93.55% | N/A |
| No | | 0.00% | 6.45% | N/A |
| Either before or after you received your hearing notice, did you hire an attorney to represent you or to be present at the hearing? | Answer Choices | | | |
| Yes | | 0.00% | 0.00% | N/A |
| No | | 100.00% | 100.00% | N/A |

| Florida - Audit Survey Results (Overall) | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|--|---------------------------------|---------------------------------|-----------|
| | Experience After Filing a Claim | | |
| Survey Questions | Responses | | |
| If you filed a documents only hearing, which of the following <u>best</u> describes why you chose a documents only hearing? Otherwise, select "No, I did not file a documents only hearing" below. | | | |
| Answer Choices | | | |
| a. More convenient to have an arbitration panel review documents | 33.33% | 38.71% | N/A |
| b. Unable to get time off work | 0.00% | 6.45% | N/A |
| c. Family or health conflicts | 0.00% | 3.23% | N/A |
| Other (please specify) | 0.00% | 16.13% | N/A |
| No, I did not file a documents only hearing | 66.67% | 35.48% | N/A |
| The Evidentiary Hearing Process | | | |
| Did the arbitrator start the hearing on time? | | | |
| Answer Choices | | | |
| Yes | 100.00% | 90.91% | N/A |
| No | 0.00% | 9.09% | N/A |
| Did the arbitrator explain the arbitration hearing process to both parties? In other words, did the arbitrator explain that each party would be allowed to present and rebut evidence, and that the arbitrator did not have any conflicts of interest to disclose? | | | |
| Answer Choices | | | |
| Yes | 100.00% | 81.82% | N/A |
| No | 0.00% | 18.18% | N/A |

| Florida - Audit Survey Results (Overall) | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|--|------------------|---------------------------------|-----------|
| The Evidentiary Hearing Process | | | |
| Survey Questions | Responses | | |
| Did the arbitrator allow both parties a full and fair opportunity to present their proofs? | | | |
| Answer Choices | | | |
| Yes | 100.00% | 72.73% | N/A |
| No | 0.00% | 27.27% | N/A |
| During the hearing, did you or the manufacturer request a third party, independent technical inspection of your vehicle? | | | |
| Answer Choices | | | |
| Yes | 50.00% | 0.00% | N/A |
| No | 50.00% | 100.00% | N/A |
| Post-award Experience | | | |
| How was the arbitrator's decision communicated to you? | | | |
| Answer Choices | | | |
| By Email | 100.00% | 90.32% | N/A |
| By Mail | 0.00% | 3.23% | N/A |
| Other Method (please specify) | 0.00% | 6.45% | N/A |

| Florida - Audit Survey Results (Overall) | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|---|------------------|---------------------------------|-----------|
| Post-award Experience | | | |
| Survey Questions | Responses | | |
| Which of the following <u>best</u> describes the decision made by the arbitrator? | | | |
| Answer Choices | | | |
| A refund, where the manufacturer would give you money for your car | 100.00% | 9.68% | 75.00% |
| A replacement, where the manufacturer would replace your existing car with a new car | 0.00% | 0.00% | 25.00% |
| Reimbursement, where the manufacturer would reimburse you for incidental costs associated with the repair of your car | 0.00% | 0.00% | 0.00% |
| A Repair | 0.00% | 0.00% | 0.00% |
| No Relief Granted | 0.00% | 90.32% | 0.00% |
| Did the arbitrator accurately identify the nature of the non-conformity you alleged in your claim? | | | |
| Answer Choices | | | |
| Yes | 100.00% | 22.58% | N/A |
| No | 0.00% | 77.42% | N/A |
| Did the arbitrator include a summary of the testimony at the hearing? | | | |
| Answer Choices | | | |
| Yes | 100.00% | 45.16% | N/A |
| No | 0.00% | 54.84% | N/A |

| Florida - Audit Survey Results (Overall) | | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|---|----------------|------------------|---------------------------------|-----------|
| Post-award Experience | | | | |
| Survey Questions | | Responses | | |
| Was the arbitrator's decision clear? | Answer Choices | 100.00% | 41.94% | N/A |
| Yes | | 100.00% | 41.94% | N/A |
| No | | 0.00% | 58.06% | N/A |
| Did the arbitrator render a reasoned decision? Please Note: This means whether or not you agreed with the decision, the arbitrator provided rationale for why the decision was reached. | Answer Choices | 100.00% | 25.81% | N/A |
| Yes | | 100.00% | 25.81% | N/A |
| No | | 0.00% | 74.19% | N/A |
| Did you return to NCDS the Decision Acceptance / Rejection Form? | Answer Choices | 100.00% | 61.29% | N/A |
| Yes | | 100.00% | 61.29% | N/A |
| No | | 0.00% | 38.71% | N/A |

| Florida - Audit Survey Results (Overall) | | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|--|--|------------------|---------------------------------|-----------|
| Arbitrator Satisfaction | | | | |
| Survey Questions | | Responses | | |
| How would you rate the arbitrator in terms of understanding the facts of your case? | | | | |
| Answer Choices | | 100.00% | 6.45% | N/A |
| Excellent | | 100.00% | 6.45% | N/A |
| Good | | 0.00% | 6.45% | N/A |
| Average | | 0.00% | 9.68% | N/A |
| Poor | | 0.00% | 77.42% | N/A |
| How would you rate the arbitrator's objectivity and fairness? | | | | |
| Answer Choices | | 100.00% | 6.45% | N/A |
| Excellent | | 100.00% | 6.45% | N/A |
| Good | | 0.00% | 0.00% | N/A |
| Average | | 0.00% | 9.68% | N/A |
| Poor | | 0.00% | 83.87% | N/A |
| How would you rate the arbitrator's impartiality during the hearing? | | | | |
| Answer Choices | | 100.00% | 6.45% | N/A |
| Excellent | | 100.00% | 6.45% | N/A |
| Good | | 0.00% | 3.23% | N/A |
| Average | | 0.00% | 12.90% | N/A |
| Poor | | 0.00% | 77.42% | N/A |

| Florida - Audit Survey Results (Overall) | | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|---|----------------|------------------|---------------------------------|-----------|
| Arbitrator Satisfaction | | | | |
| Survey Questions | | Responses | | |
| How would you rate the arbitrator's impartiality with respect to the decision? | Answer Choices | 100.00% | 6.45% | N/A |
| Excellent | | | | |
| Good | | 0.00% | 3.23% | N/A |
| Average | | 0.00% | 9.68% | N/A |
| Poor | | 0.00% | 80.65% | N/A |
| Satisfaction with NCDS Processing Claim | | | | |
| How would you rate the timeliness of the communications between you and the NCDS administrator? | Answer Choices | 100.00% | 22.58% | 75.00% |
| Excellent | | | | |
| Good | | 0.00% | 35.48% | 25.00% |
| Fair | | 0.00% | 25.81% | 0.00% |
| Poor | | 0.00% | 16.13% | 0.00% |
| How would you rate the helpfulness of the NCDS staff? | Answer Choices | 100.00% | 12.90% | 50.00% |
| Excellent | | | | |
| Good | | 0.00% | 32.26% | 50.00% |
| Fair | | 0.00% | 19.35% | 0.00% |
| Poor | | 0.00% | 35.48% | 0.00% |

| Florida - Audit Survey Results (Overall) | | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|---|-----------|------------------|---------------------------------|-----------|
| Arbitrator Satisfaction | | | | |
| Survey Questions | Responses | | | |
| How would you rate your overall experience under the NCDS Arbitration Program? | | | | |
| Answer Choices | | | | |
| Excellent | 100.00% | 6.45% | 50.00% | |
| Good | 0.00% | 6.45% | 50.00% | |
| Fair | 0.00% | 9.68% | 0.00% | |
| Poor | 0.00% | 77.42% | 0.00% | |
| Would you recommend the NCDS Arbitration Program to friends and family? | | | | |
| Answer Choices | | | | |
| Yes | 100.00% | 9.68% | 100.00% | |
| No | 0.00% | 90.32% | 0.00% | |

| Florida - Audit Survey Results (Overall) | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|---|------------------|---------------------------------|-----------|
| Settlement of Claim *Mediation Only* | | | |
| Survey Questions | Responses | | |
| Before the case proceeded to arbitration, did you agree to settle your case with the manufacturer? | N/A | N/A | 100.00% |
| Yes | N/A | N/A | 0.00% |
| No | | | |
| After you reached a settlement, did you receive a letter from NCDS explaining the terms of the settlement? | N/A | N/A | 50.00% |
| Yes | N/A | N/A | 50.00% |
| No | | | |
| After you received your settlement confirmation, did you pursue your case further? | N/A | N/A | 0.00% |
| Yes | N/A | N/A | 100.00% |
| No | | | |
| If so, please let us know the method you used. | | | |
| Re-initiated contact with NCDS | N/A | N/A | N/A |
| Contacted an attorney | N/A | N/A | N/A |
| Contacted a state agency | N/A | N/A | N/A |
| Contacted dealer or manufacturer | N/A | N/A | N/A |
| Other (please specify) | N/A | N/A | N/A |

Appendix F

2024 Charts of Survey Questions Florida

Figure 1 – Arbitrated Award Survey Results Florida

How many times, if any, did the dealer or manufacturer attempt to repair your car before you filed a claim with NCDS?

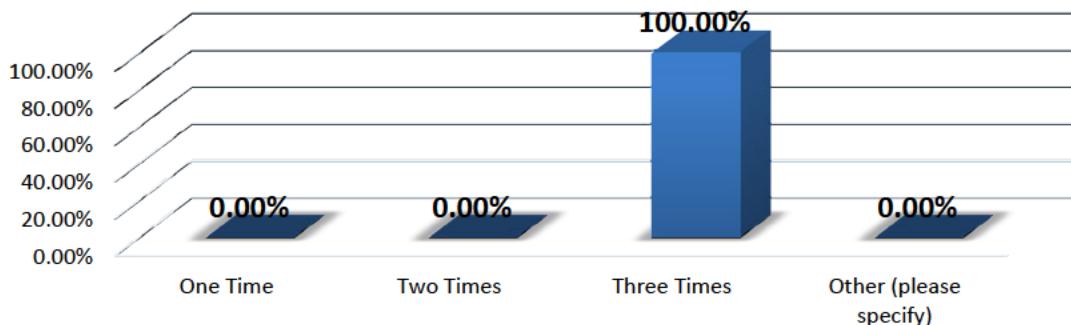


Figure 2 – Arbitrated Award Survey Results Florida

How did you learn about the NCDS Non-Binding Automobile Warranty Arbitration Program?

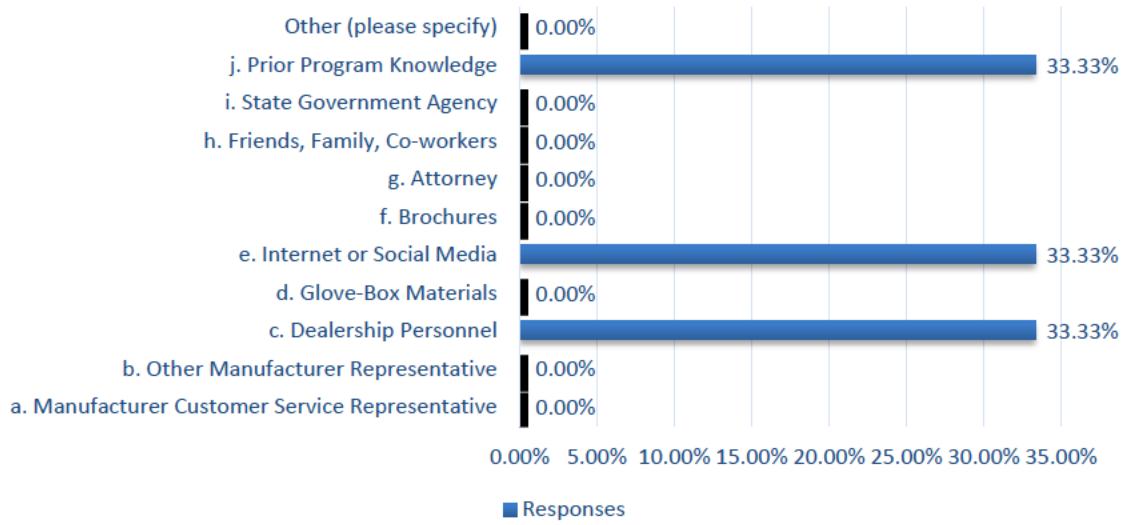


Figure 3 – Arbitrated Award Survey Results Florida

After you filed your E-File claim with NCDS, how long did it take for an NCDS administrator to contact you?

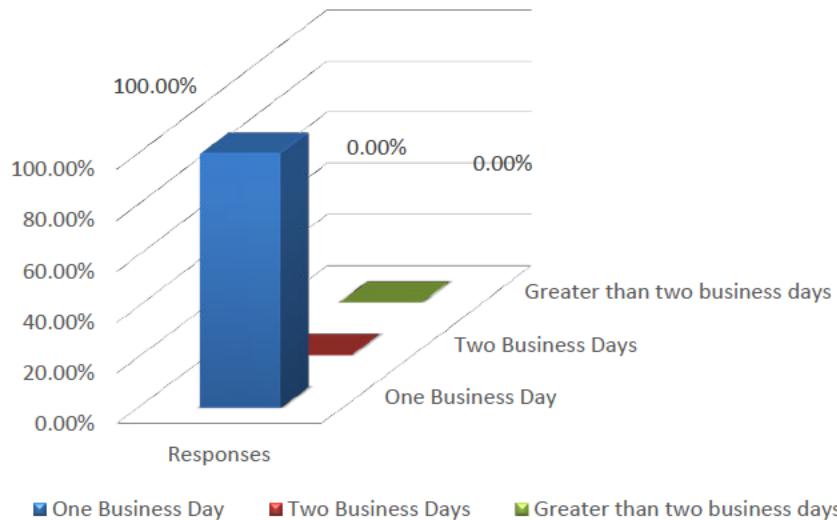


Figure 4 – Arbitrated Award Survey Results Florida

Did the arbitrator explain the arbitration hearing process to both parties? In other words, did the arbitrator explain that each party would be allowed to present and rebut evidence, and the arbitrator did not have any conflicts of interest to disclose?



Figure 5 – Arbitrated Award Survey Results Florida

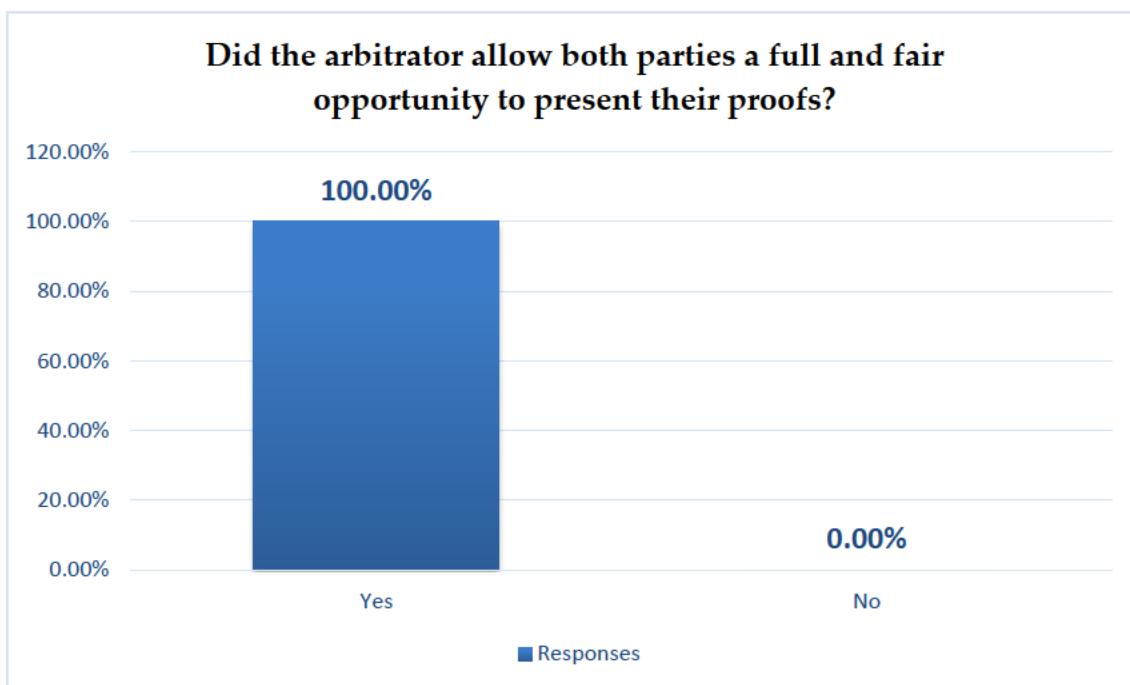


Figure 6 – Arbitrated Award Survey Results Florida

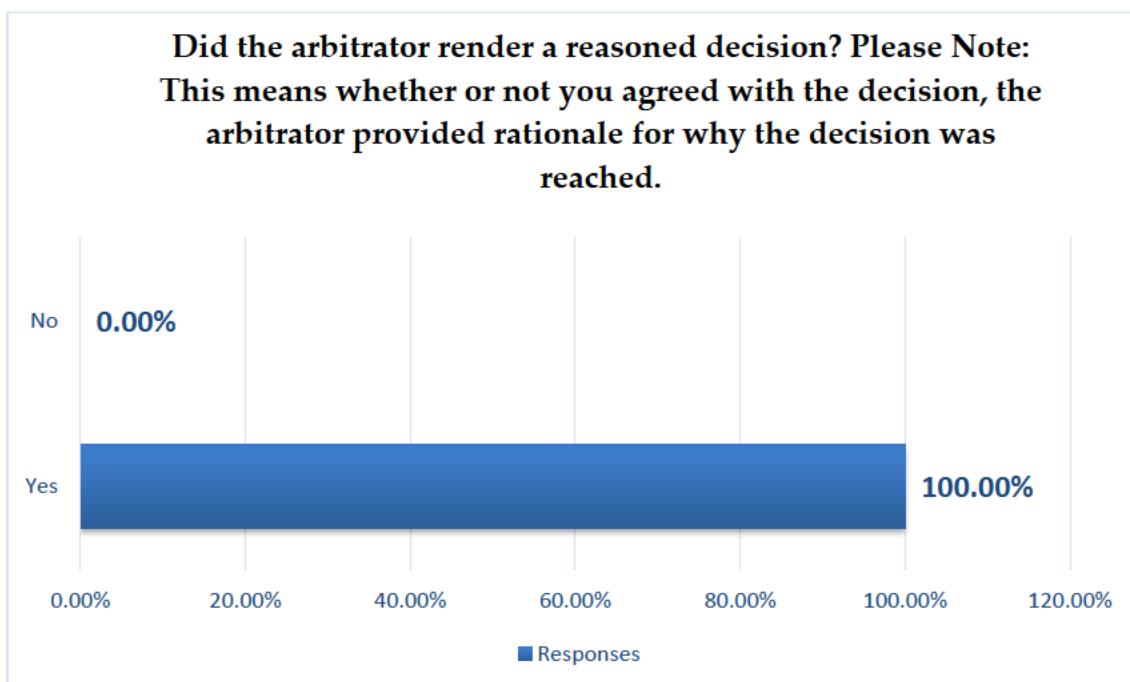


Figure 7 – Arbitrated Award Survey Results Florida

How would you rate the arbitrator's impartiality with respect to the decision?



Figure 8 – Arbitrated Award Survey Results Florida

How would you rate your overall experience under the NCDS Arbitration Program?

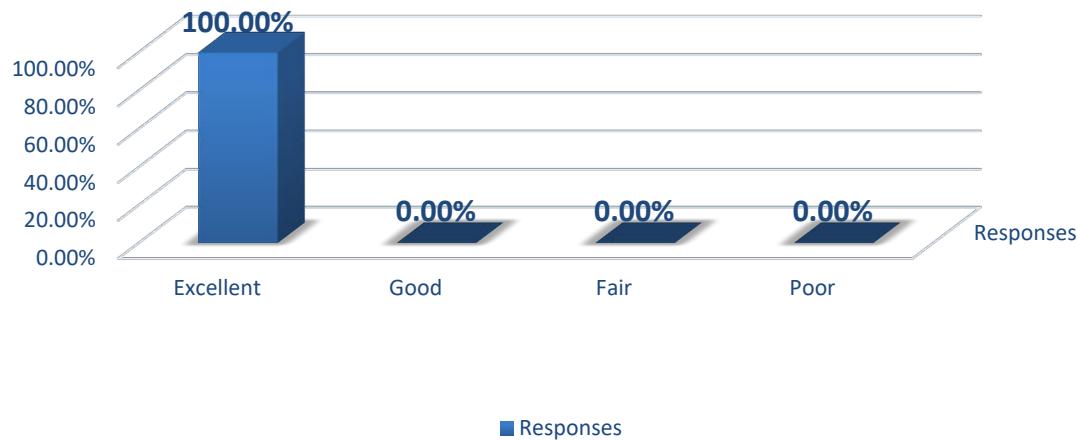


Figure 9 – Arbitrated Award No Action Survey Results Florida

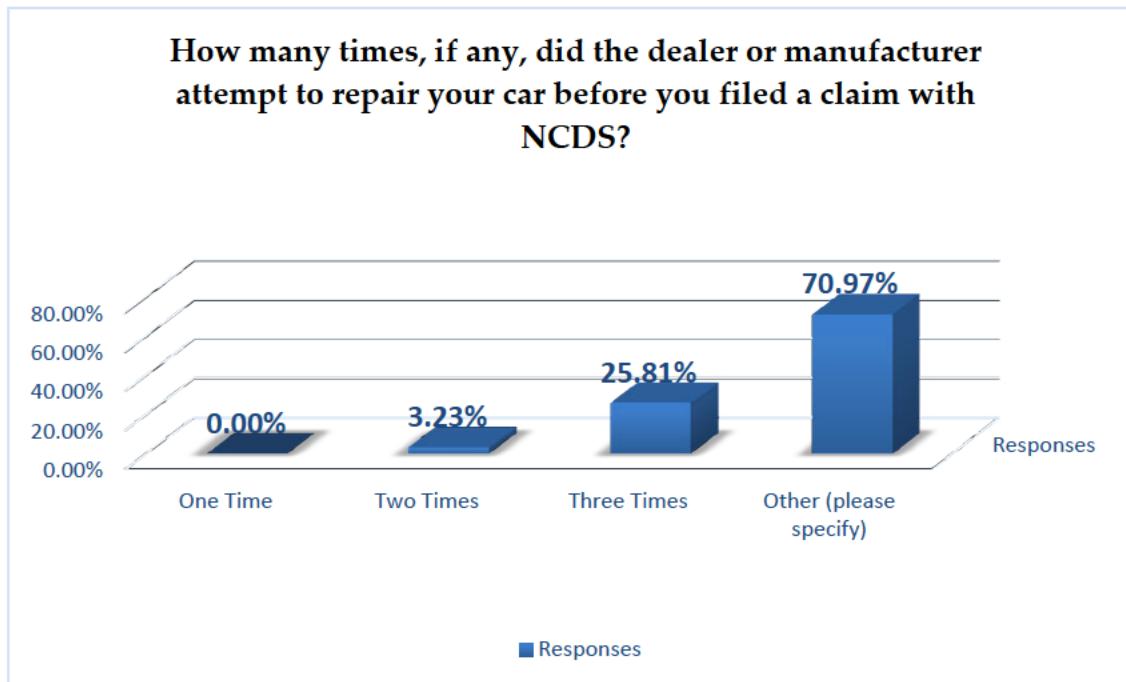


Figure 10 – Arbitrated Award No Action Survey Results Florida

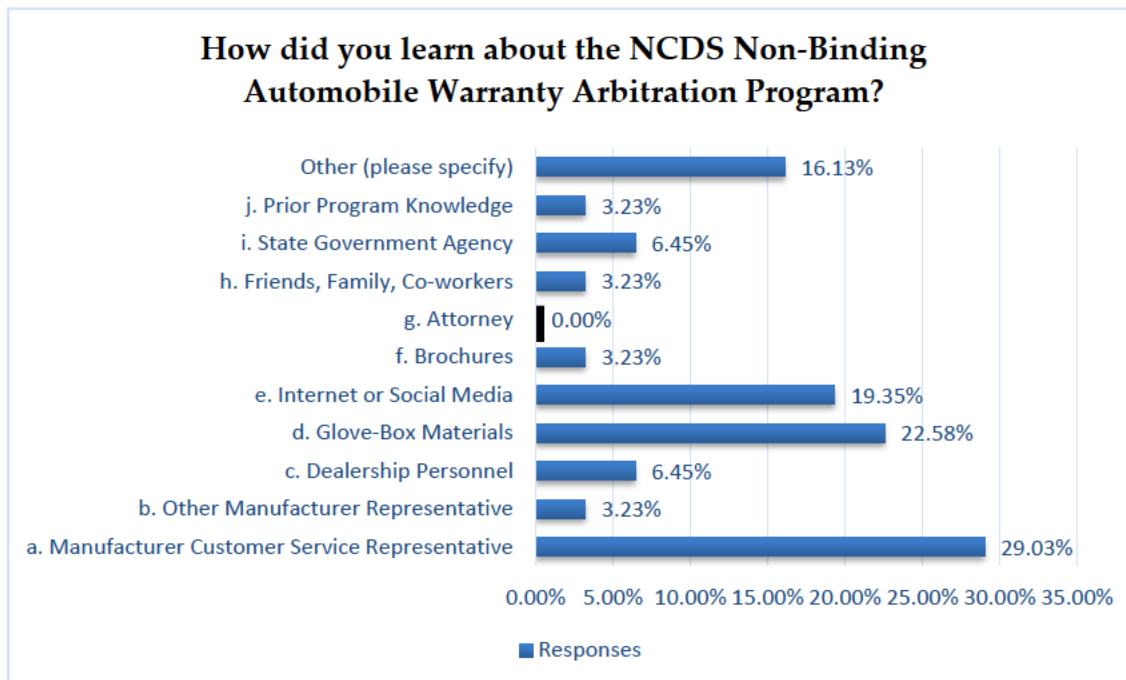
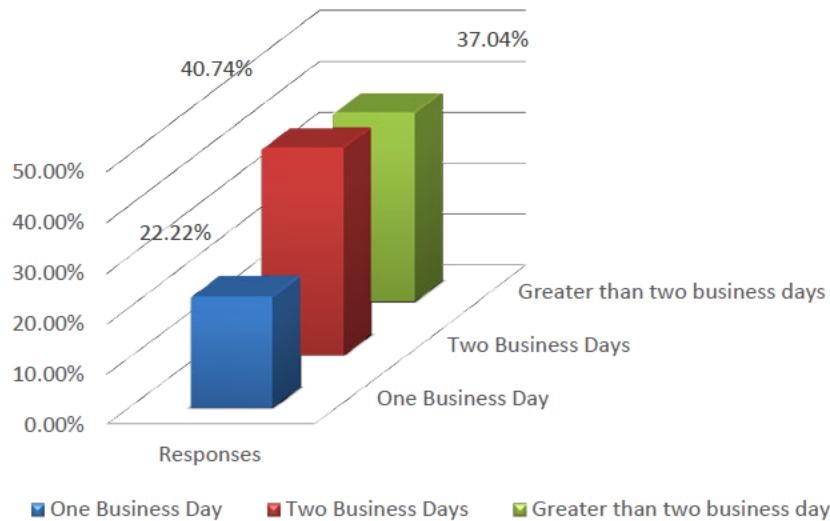


Figure 11 – Arbitrated Award No Action Survey Results Florida

After you filed your E-File claim with NCDS, how long did it take for an NCDS administrator to contact you?

**Figure 12 – Arbitrated Award No Action Survey Results Florida**

Did the arbitrator explain the arbitration hearing process to both parties?

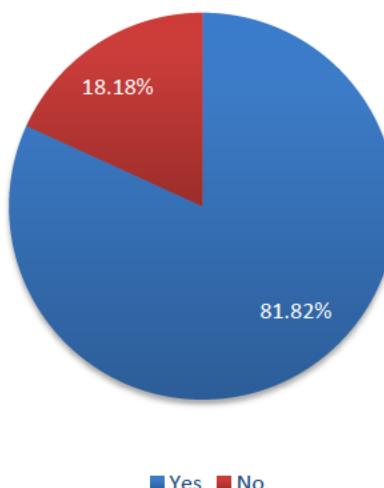


Figure 13 – Arbitrated Award No Action Survey Results Florida

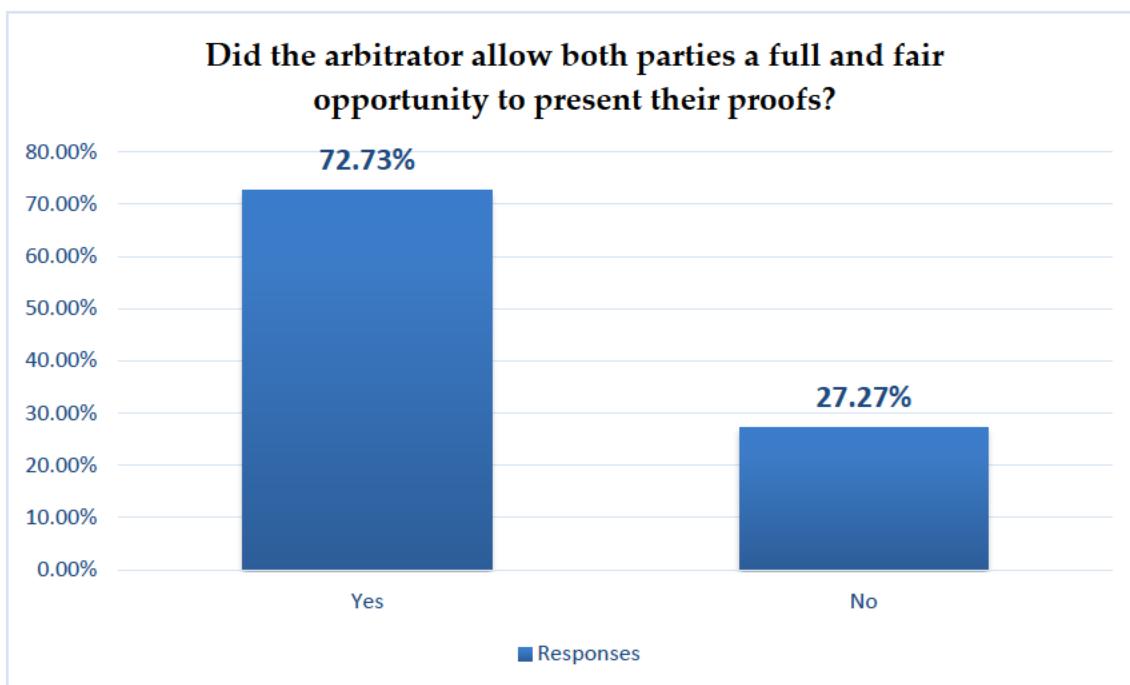


Figure 14 – Arbitrated Award No Action Survey Results Florida

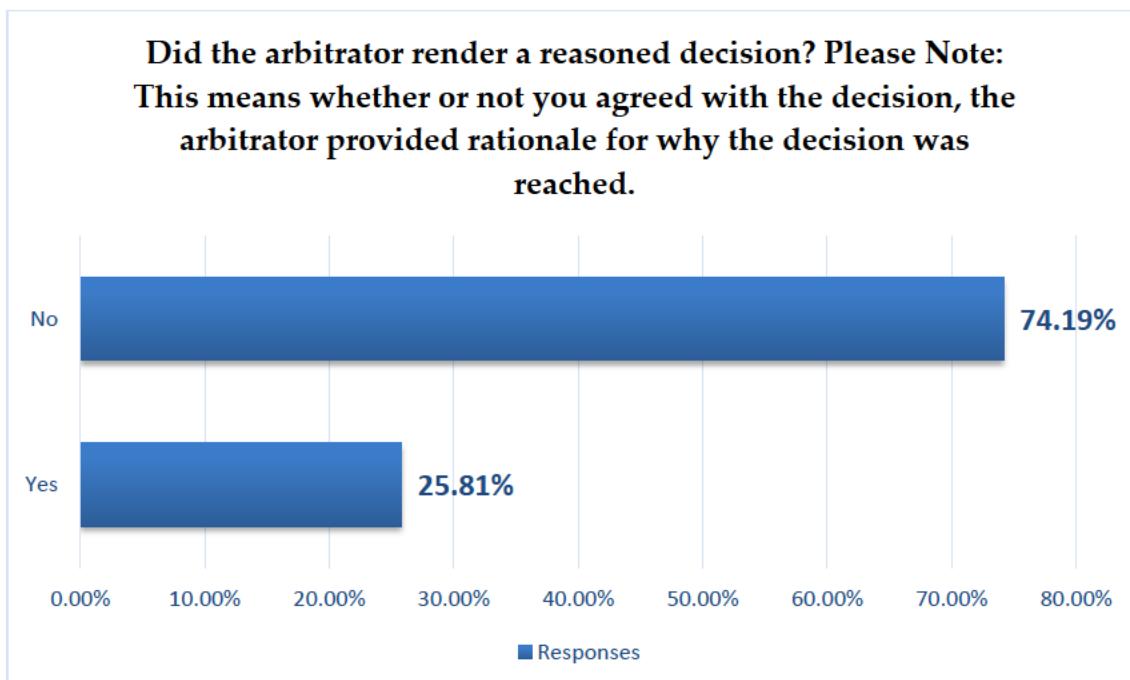


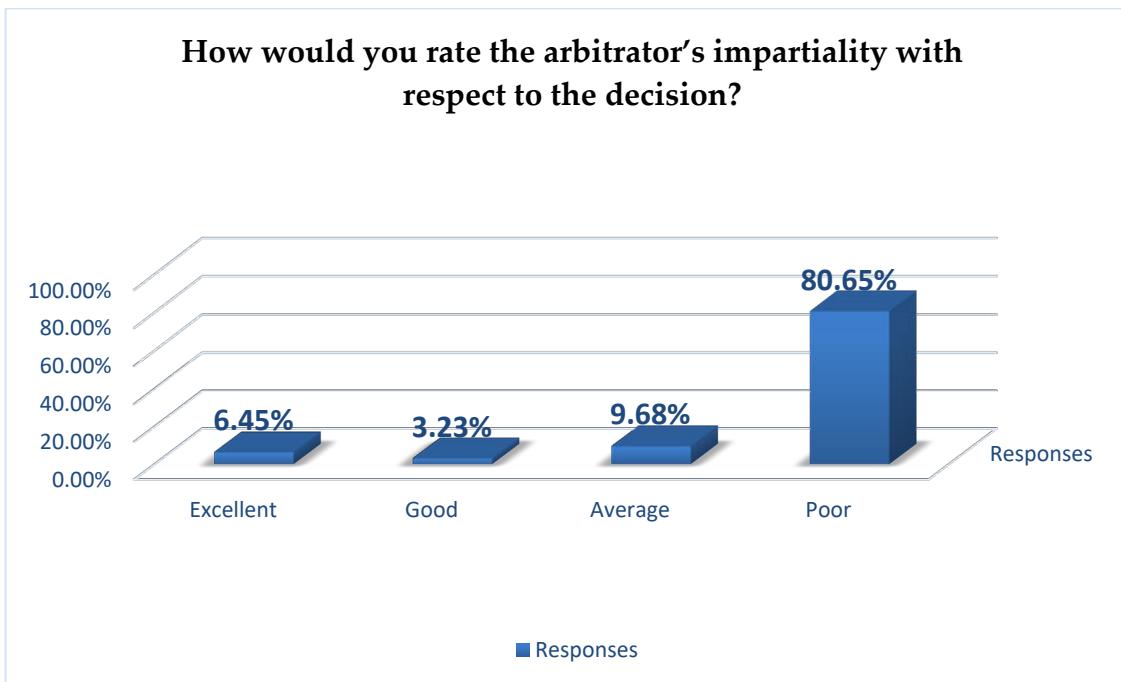
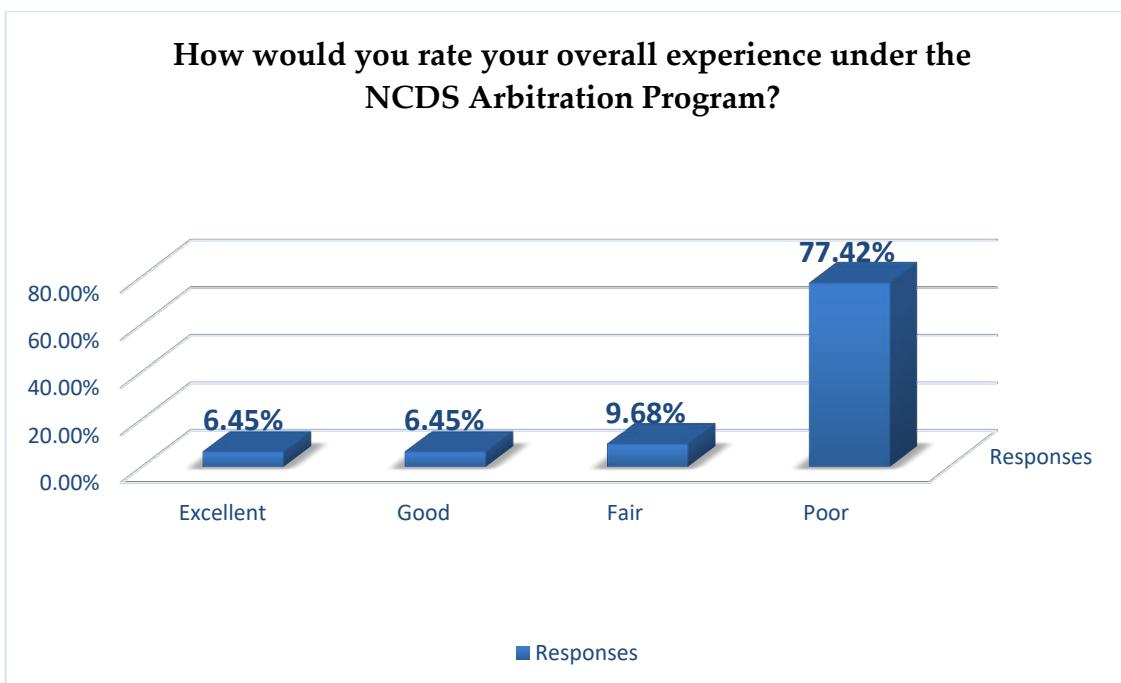
Figure 15 – Arbitrated Award No Action Survey Results Florida**Figure 16 – Arbitrated Award No Action Survey Results Florida**

Figure 17 – Mediated Survey Results Florida

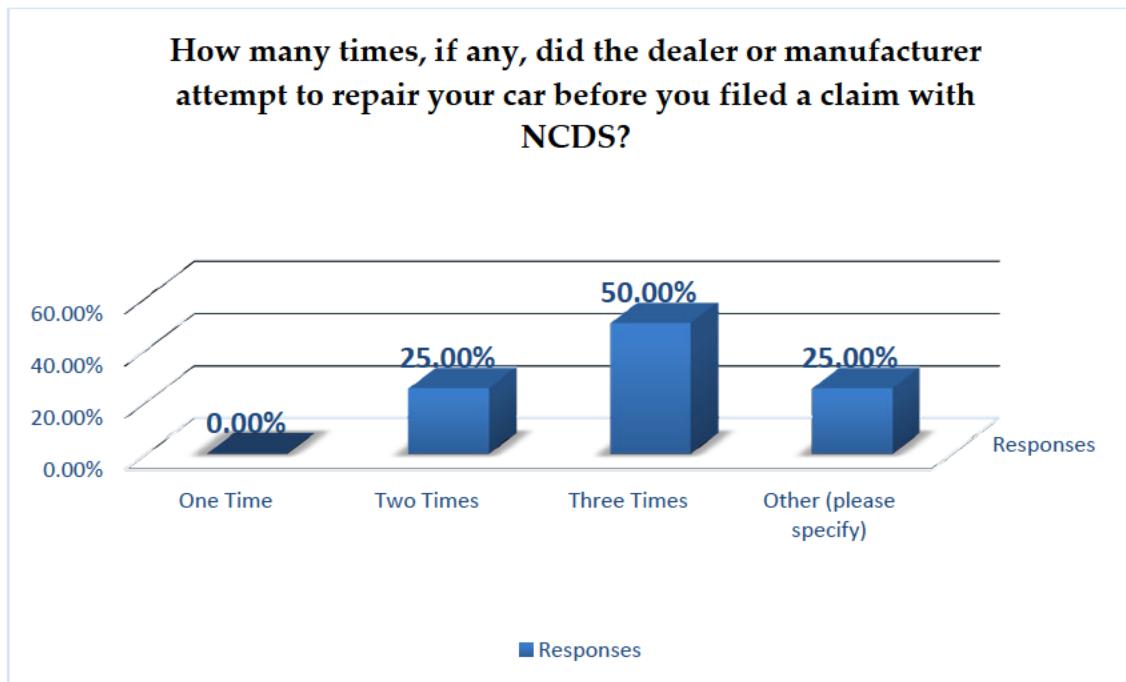


Figure 18 – Mediated Survey Results Florida

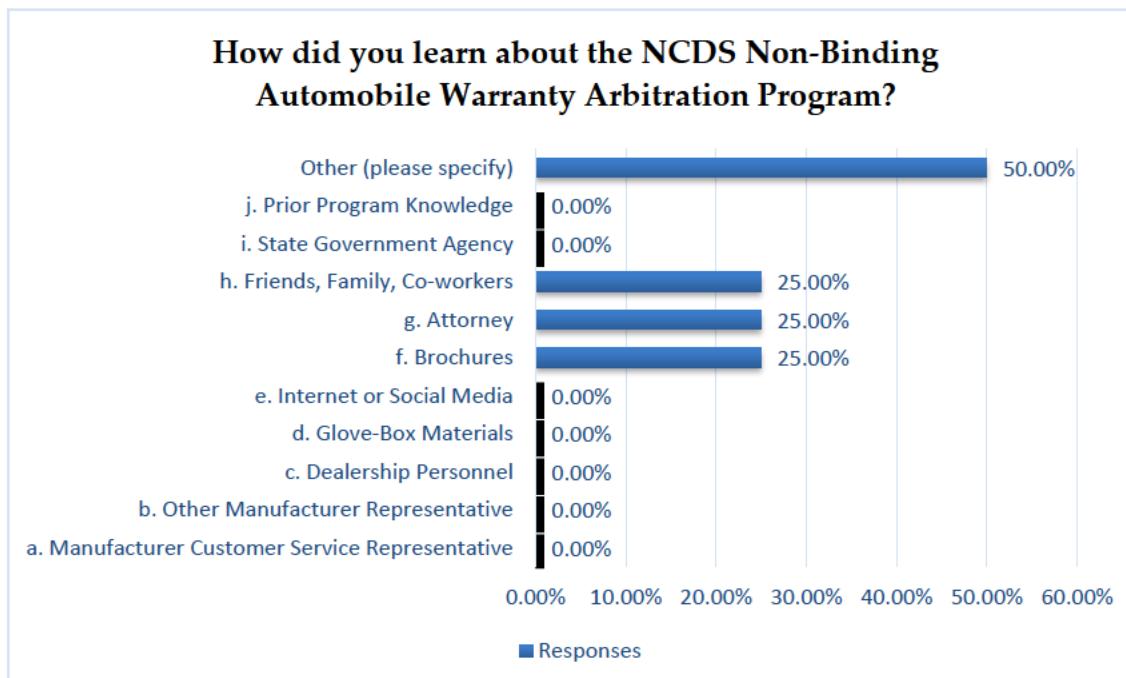
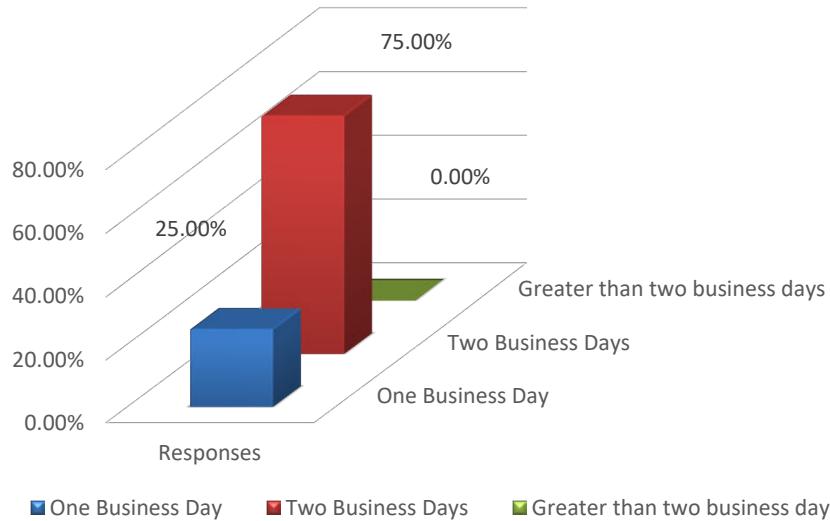


Figure 19 – Mediated Survey Results Florida

After you E-filed your claim with NCDS, how long did it take for an NCDS administrator to contact you?



Appendix G

2024 Overall Study Results National

OVERALL SURVEY RESULTS: KEY FINDINGS

This section captures the overall survey results (raw) from the sample size of participants who partook in the audit surveys and compares the results found between the different outcomes of cases. The eight areas compared were the pre-filing experience with the dealer or manufacturer, filing of claim, experience after filing a claim, the evidentiary hearing process, post-award experience, arbitrator satisfaction, satisfaction with NCDS processing their claim, and settlement of claim (mediation only). The highest percentages were highlighted based on the responses for each question for ease of comparison.

Figure 1. – National Overall Survey Results and Comparison Between Outcomes

| National - Audit Survey Results (Overall) | | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|--|-----------------------|------------------|---------------------------------|-----------|
| Pre-filing Experience with Dealer or Manufacturer | | | | |
| Survey Questions | | Responses | | |
| Before filing a claim with NCDS, did you attempt to contact the manufacturer directly to discuss your concerns? | | | | |
| | Answer Choices | | | |
| Yes | | 92.86% | 92.31% | 100.00% |
| No | | 7.14% | 7.69% | 0.00% |
| How many times, if any, did the dealer or manufacturer attempt to repair your car before you filed a claim with NCDS? | | | | |
| | Answer Choices | | | |
| One Time | | 4.29% | 6.07% | 27.27% |
| Two Times | | 11.43% | 8.91% | 0.00% |
| Three Times | | 20.00% | 22.67% | 18.18% |
| Other (please specify) - More than Three Times | | 64.29% | 62.35% | 54.55% |

| National - Audit Survey Results (Overall) | | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|--|-----------------------|------------------|---------------------------------|-----------|
| Pre-filing Experience with Dealer or Manufacturer | | | | |
| Survey Questions | | Responses | | |
| How did you learn about the NCDS Non-Binding Automobile Warranty Arbitration Program? | Answer Choices | | | |
| a. Manufacturer Customer Service Representative | | 42.86% | 29.15% | 22.73% |
| b. Other Manufacturer Representative | | 2.86% | 3.64% | 0.00% |
| c. Dealership Personnel | | 8.57% | 15.38% | 13.64% |
| d. Glove-Box Materials | | 7.14% | 12.55% | 22.73% |
| e. Internet or Social Media | | 18.57% | 25.10% | 9.09% |
| f. Brochures | | 0.00% | 0.40% | 4.55% |
| g. Attorney | | 11.43% | 8.91% | 13.64% |
| h. Friends, Family, Co-workers | | 5.71% | 6.48% | 9.09% |
| i. State Government Agency | | 10.00% | 4.45% | 4.55% |
| j. Prior Program Knowledge | | 0.00% | 2.02% | 0.00% |
| Other (please specify) | | 5.71% | 10.12% | 18.18% |
| How did the manufacturer or dealer inform you of the NCDS Arbitration Program? | Answer Choices | | | |
| Talked over the phone | | 74.29% | 59.26% | 37.50% |
| Mailed or E-mailed Information | | 20.00% | 25.00% | 12.50% |
| Website | | 2.86% | 4.63% | 0.00% |
| Showroom Poster | | 0.00% | 0.93% | 12.50% |
| Other (please specify) | | 2.86% | 10.19% | 37.50% |

| National - Audit Survey Results (Overall) | | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|---|----------------|------------------|---------------------------------|-----------|
| Filing of Claim | | | | |
| Survey Questions | Responses | | | |
| What method did you use to file your claim with NCDS? | | | | |
| | Answer Choices | | | |
| E-File | | 98.57% | 95.55% | 100.00% |
| Mail | | 1.43% | 4.45% | 0.00% |
| After you filed your E-File claim with NCDS, how long did it take for an NCDS administrator to contact you? | | | | |
| | | | | |
| One Business Day | | 46.38% | 27.12% | 54.55% |
| Two Business Days | | 37.68% | 42.37% | 40.91% |
| Greater than two business days | | 15.94% | 30.51% | 4.55% |
| After you mailed and received an acknowledgement from NCDS that your claim had been received, how long did it take for an NCDS administrator to contact you? | | | | |
| | | | | |
| One Business Day | | 0.00% | 9.09% | N/A |
| Two Business Days | | 0.00% | 9.09% | N/A |
| Greater than two business days | | 100.00% | 81.82% | N/A |

| National - Audit Survey Results (Overall) | | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|---|-----------------------|------------------|---------------------------------|-----------|
| Filing of Claim | | | | |
| Survey Questions | | Responses | | |
| How clear were the instructions for filing the claim? | Answer Choices | | | |
| Very Clear | | 70.00% | 32.79% | 81.82% |
| Somewhat Clear | | 27.14% | 53.04% | 18.18% |
| Not Clear | | 2.86% | 12.96% | 0.00% |
| Do Not Know | | 0.00% | 1.21% | 0.00% |
| Experience After Filing a Claim | | | | |
| Whether you E-Filed or filed your claim by mail, did you <u>receive</u> the Frequently Asked Questions (FAQ) Packet at www.ncdsusa.org? | Answer Choices | | | |
| Yes | | 98.57% | 84.62% | 90.91% |
| No | | 1.43% | 15.38% | 9.09% |
| Whether you E-Filed or filed your claim by mail, did you <u>review</u> the Frequently Asked Questions (FAQ) Packet at www.ncdsusa.org? | Answer Choices | | | |
| Yes | | 98.57% | 85.02% | 95.45% |
| No | | 1.43% | 14.98% | 4.55% |

| National - Audit Survey Results (Overall) | | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|--|-----------------------|------------------|---------------------------------|-----------|
| Experience After Filing a Claim | | | | |
| Survey Questions | | Responses | | |
| How clear was the information presented in the FAQ? | Answer Choices | | | |
| Very Clear | | 67.14% | 29.15% | 81.82% |
| Somewhat Clear | | 32.86% | 53.04% | 13.64% |
| Not Clear | | 0.00% | 10.12% | 0.00% |
| Do Not Know | | 0.00% | 7.69% | 4.55% |
| How helpful was the information presented in the FAQ? | Answer Choices | | | |
| Very Helpful | | 62.86% | 21.05% | 81.82% |
| Moderately Helpful | | 31.43% | 54.66% | 13.64% |
| Not At All Helpful | | 4.29% | 17.41% | 0.00% |
| Do Not Know | | 1.43% | 6.88% | 4.55% |
| Did you <u>receive</u> the Non-Binding Program Rules at www.ncdsusa.org? | Answer Choices | | | |
| Yes | | 98.57% | 84.62% | 90.91% |
| No | | 1.43% | 15.38% | 9.09% |
| Did you <u>review</u> the Non-Binding Program Rules at www.ncdsusa.org? | Answer Choices | | | |
| Yes | | 95.71% | 86.64% | 90.91% |
| No | | 4.29% | 13.36% | 9.09% |

| National - Audit Survey Results (Overall) | | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|--|-----------------------|------------------|---------------------------------|-----------|
| Experience After Filing a Claim | | | | |
| Survey Questions | Responses | | | |
| How clear were the Program Rules? | | | | |
| | Answer Choices | | | |
| Very Clear | 64.29% | 26.32% | 86.36% | |
| Somewhat Clear | 31.43% | 51.01% | 9.09% | |
| Not Clear | 0.00% | 16.19% | 0.00% | |
| Do Not Know | 4.29% | 6.48% | 4.55% | |
| How helpful were the Program Rules in explaining the arbitration process? | | | | |
| | Answer Choices | | | |
| Very Helpful | 65.71% | 20.65% | 86.36% | |
| Moderately Helpful | 34.29% | 53.44% | 9.09% | |
| Not At All Helpful | 0.00% | 21.86% | 0.00% | |
| Do Not Know | 0.00% | 4.05% | 4.55% | |
| Did you receive a hearing notice from NCDS? | | | | |
| | Answer Choices | | | |
| Yes | 100.00% | 94.74% | N/A | |
| No | 0.00% | 5.26% | N/A | |
| Either before or after you received your hearing notice, did you hire an attorney to represent you or to be present at the hearing? | | | | |
| | Answer Choices | | | |
| Yes | 5.71% | 5.67% | N/A | |
| No | 94.29% | 94.33% | N/A | |

| National - Audit Survey Results (Overall) | | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|--|-----------|------------------|---------------------------------|-----------|
| Experience After Filing a Claim | | | | |
| Survey Questions | Responses | | | |
| If you filed a documents only hearing, which of the following <u>best</u> describes why you chose a documents only hearing? Otherwise, select "No, I did not file a documents only hearing" below. | | | | |
| Answer Choices | | | | |
| a. More convenient to have an arbitration panel review documents | 40.00% | 31.17% | | N/A |
| b. Unable to get time off work | 2.86% | 12.15% | | N/A |
| c. Family or health conflicts | 0.00% | 2.83% | | N/A |
| Other (please specify) | 0.00% | 13.36% | | N/A |
| No, I did not file a documents only hearing | 57.14% | 40.49% | | N/A |
| The Evidentiary Hearing Process | | | | |
| Did the arbitrator start the hearing on time? | | | | |
| Answer Choices | | | | |
| Yes | 92.50% | 84.00% | | N/A |
| No | 7.50% | 16.00% | | N/A |
| Did the arbitrator explain the arbitration hearing process to both parties? In other words, did the arbitrator explain that each party would be allowed to present and rebut evidence, and that the arbitrator did not have any conflicts of interest to disclose? | | | | |
| Answer Choices | | | | |
| Yes | 100.00% | 91.00% | | N/A |
| No | 0.00% | 9.00% | | N/A |

| National - Audit Survey Results (Overall) | | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|--|--|------------------|---------------------------------|-----------|
| The Evidentiary Hearing Process | | | | |
| Survey Questions | | Responses | | |
| Did the arbitrator allow both parties a full and fair opportunity to present their proofs? | | | | |
| Answer Choices | | | | |
| Yes | | 100.00% | 72.00% | N/A |
| No | | 0.00% | 28.00% | N/A |
| During the hearing, did you or the manufacturer request a third party, independent technical inspection of your vehicle? | | | | |
| Answer Choices | | | | |
| Yes | | 0.00% | 5.00% | N/A |
| No | | 100.00% | 95.00% | N/A |
| Post-award Experience | | | | |
| How was the arbitrator's decision communicated to you? | | | | |
| Answer Choices | | | | |
| By Email | | 97.14% | 93.52% | N/A |
| By Mail | | 1.43% | 5.67% | N/A |
| Other Method (please specify) | | 1.43% | 0.81% | N/A |

| National - Audit Survey Results (Overall) | | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|---|-----------|------------------|---------------------------------|-----------|
| Post-award Experience | | | | |
| Survey Questions | Responses | | | |
| Which of the following <u>best</u> describes the decision made by the arbitrator? | | | | |
| Answer Choices | | | | |
| A refund, where the manufacturer would give you money for your car | 90.00% | 2.02% | 47.37% | |
| A replacement, where the manufacturer would replace your existing car with a new car | 4.29% | 0.81% | 0.00% | |
| Reimbursement, where the manufacturer would reimburse you for incidental costs associated with the repair of your car | 1.43% | 0.00% | 42.11% | |
| A Repair | 2.86% | 3.64% | 10.53% | |
| No Relief Granted | 1.43% | 93.52% | 0.00% | |
| Did the arbitrator accurately identify the nature of the non-conformity you alleged in your claim? | | | | |
| Answer Choices | | | | |
| Yes | 91.43% | 22.67% | N/A | |
| No | 8.57% | 77.33% | N/A | |
| Did the arbitrator include a summary of the testimony at the hearing? | | | | |
| Answer Choices | | | | |
| Yes | 94.29% | 59.51% | N/A | |
| No | 5.71% | 40.49% | N/A | |

| National - Audit Survey Results (Overall) | | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|--|-----------------------|------------------|---------------------------------|-----------|
| Post-award Experience | | | | |
| Survey Questions | | Responses | | |
| Was the arbitrator's decision clear? | Answer Choices | | | |
| Yes | | 94.29% | 48.99% | N/A |
| No | | 5.71% | 51.01% | N/A |
| Did the arbitrator render a reasoned decision? Please Note: This means whether or not you agreed with the decision, the arbitrator provided rationale for why the decision was reached. | Answer Choices | | | |
| Yes | | 91.43% | 48.18% | N/A |
| No | | 8.57% | 51.82% | N/A |
| Did you return to NCDS the Decision Acceptance / Rejection Form? | Answer Choices | | | |
| Yes | | 98.57% | 55.06% | N/A |
| No | | 1.43% | 44.94% | N/A |

| National - Audit Survey Results (Overall) | | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|--|-----------|------------------|---------------------------------|-----------|
| Arbitrator Satisfaction | | | | |
| Survey Questions | Responses | | | |
| How would you rate the arbitrator in terms of understanding the facts of your case? | | | | |
| Answer Choices | | | | |
| Excellent | 75.71% | 4.86% | N/A | |
| Good | 15.71% | 11.74% | N/A | |
| Average | 5.71% | 19.03% | N/A | |
| Poor | 2.86% | 64.37% | N/A | |
| How would you rate the arbitrator's objectivity and fairness? | | | | |
| Answer Choices | | | | |
| Excellent | 78.57% | 4.05% | N/A | |
| Good | 15.71% | 7.69% | N/A | |
| Average | 4.29% | 17.00% | N/A | |
| Poor | 1.43% | 71.26% | N/A | |
| How would you rate the arbitrator's impartiality during the hearing? | | | | |
| Answer Choices | | | | |
| Excellent | 77.14% | 5.26% | N/A | |
| Good | 18.57% | 10.12% | N/A | |
| Average | 4.29% | 22.67% | N/A | |
| Poor | 0.00% | 61.94% | N/A | |

| National - Audit Survey Results (Overall) | | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|---|----------------|------------------|---------------------------------|-----------|
| Arbitrator Satisfaction | | | | |
| Survey Questions | | Responses | | |
| How would you rate the arbitrator's impartiality with respect to the decision? | Answer Choices | 75.71% | 2.43% | N/A |
| Excellent | | 75.71% | 2.43% | N/A |
| Good | | 18.57% | 6.48% | N/A |
| Average | | 2.86% | 18.22% | N/A |
| Poor | | 2.86% | 72.87% | N/A |
| Satisfaction with NCDS Processing Claim | | | | |
| How would you rate the timeliness of the communications between you and the NCDS administrator? | Answer Choices | 65.71% | 24.29% | 90.91% |
| Excellent | | 65.71% | 24.29% | 90.91% |
| Good | | 18.57% | 38.87% | 4.55% |
| Fair | | 10.00% | 21.05% | 4.55% |
| Poor | | 5.71% | 15.79% | 0.00% |
| How would you rate the helpfulness of the NCDS staff? | Answer Choices | 65.71% | 16.19% | 86.36% |
| Excellent | | 65.71% | 16.19% | 86.36% |
| Good | | 20.00% | 30.77% | 4.55% |
| Fair | | 7.14% | 27.53% | 9.09% |
| Poor | | 7.14% | 25.51% | 0.00% |

| National - Audit Survey Results (Overall) | | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|---|-----------|------------------|---------------------------------|-----------|
| Satisfaction with NCDS Processing Claim | | | | |
| Survey Questions | Responses | | | |
| How would you rate your overall experience under the NCDS Arbitration Program? | | | | |
| Answer Choices | | | | |
| Excellent | 61.43% | 2.43% | 81.82% | |
| Good | 22.86% | 10.12% | 9.09% | |
| Fair | 4.29% | 19.84% | 4.55% | |
| Poor | 11.43% | 67.61% | 4.55% | |
| Would you recommend the NCDS Arbitration Program to friends and family? | | | | |
| Answer Choices | | | | |
| Yes | 85.71% | 14.98% | 90.91% | |
| No | 14.29% | 85.02% | 9.09% | |

| National - Audit Survey Results (Overall) | Arbitrated Award | Arbitrated No Action / No Award | Mediation |
|---|------------------|---------------------------------|-----------|
| Settlement of Claim *Mediation Only* | | | |
| Survey Questions | Responses | | |
| Before the case proceeded to arbitration, did you agree to settle your case with the manufacturer? | | | |
| Yes | N/A | N/A | 86.36% |
| No | N/A | N/A | 13.64% |
| After you reached a settlement, did you receive a letter from NCDS explaining the terms of the settlement? | | | |
| Yes | N/A | N/A | 78.95% |
| No | N/A | N/A | 21.05% |
| After you received your settlement confirmation, did you pursue your case further? | | | |
| Yes | N/A | N/A | 15.79% |
| No | N/A | N/A | 84.21% |
| If so, please let us know the method you used. | | | |
| Re-initiated contact with NCDS | N/A | N/A | 33.33% |
| Contacted an attorney | N/A | N/A | 0.00% |
| Contacted a state agency | N/A | N/A | 0.00% |
| Contacted dealer or manufacturer | N/A | N/A | 33.33% |
| Other (please specify) | N/A | N/A | 33.33% |

Appendix H

2024 Charts of Survey Questions National

Figure 1 – Arbitrated Award Survey Results National

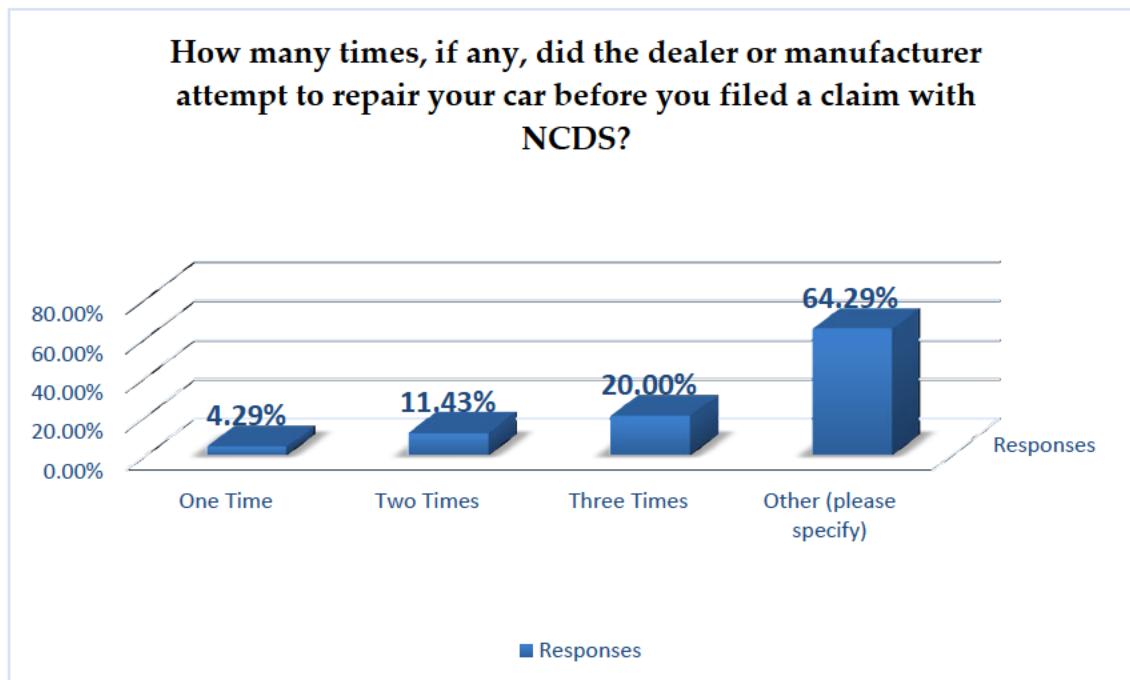


Figure 2 – Arbitrated Award Survey Results National

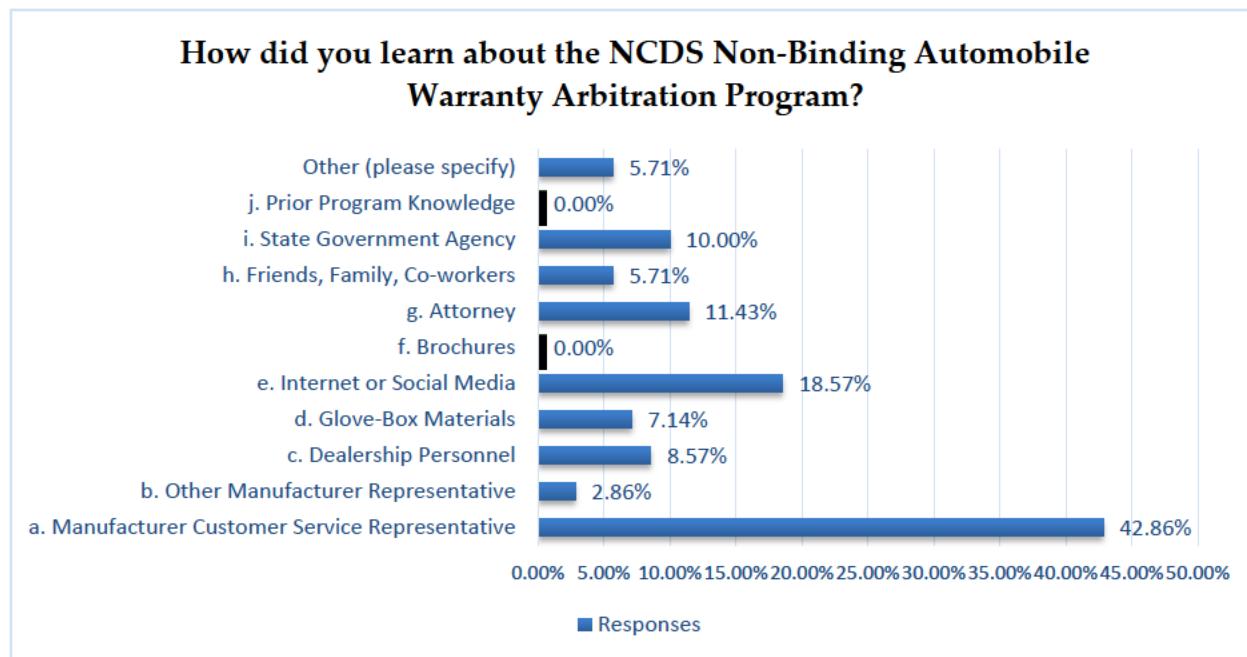
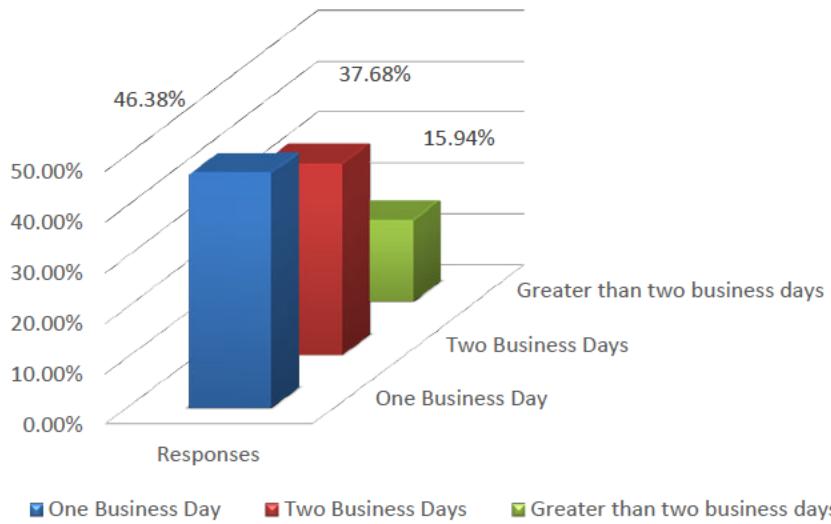


Figure 3 – Arbitrated Award Survey Results National

After you filed your E-File claim with NCDS, how long did it take for an NCDS administrator to contact you?

**Figure 4 – Arbitrated Award Survey Results National**

Did the arbitrator explain the arbitration hearing process to both parties? In other words, did the arbitrator explain that each party would be allowed to present and rebut evidence, and the arbitrator did not have any conflicts of interest to disclose?



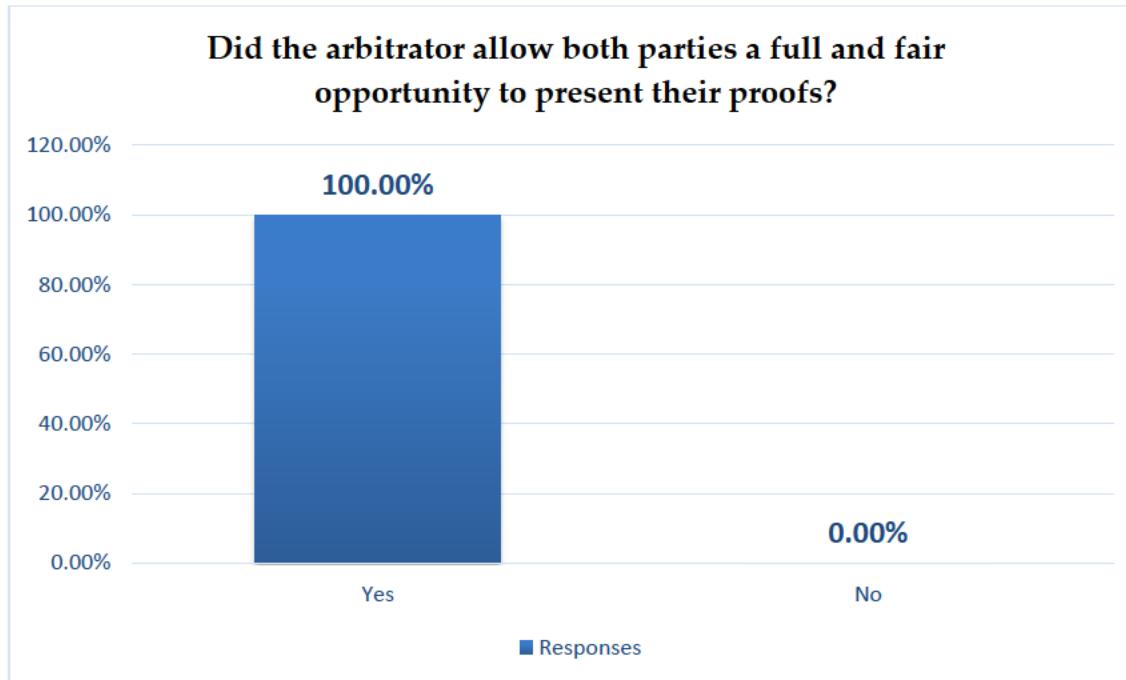
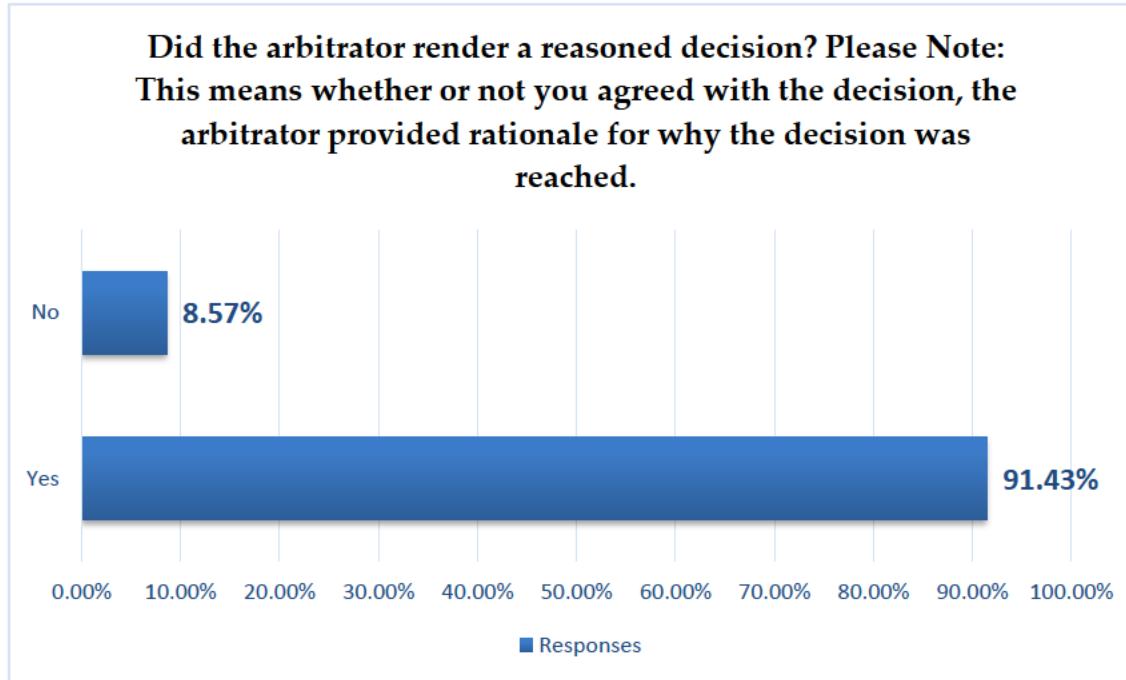
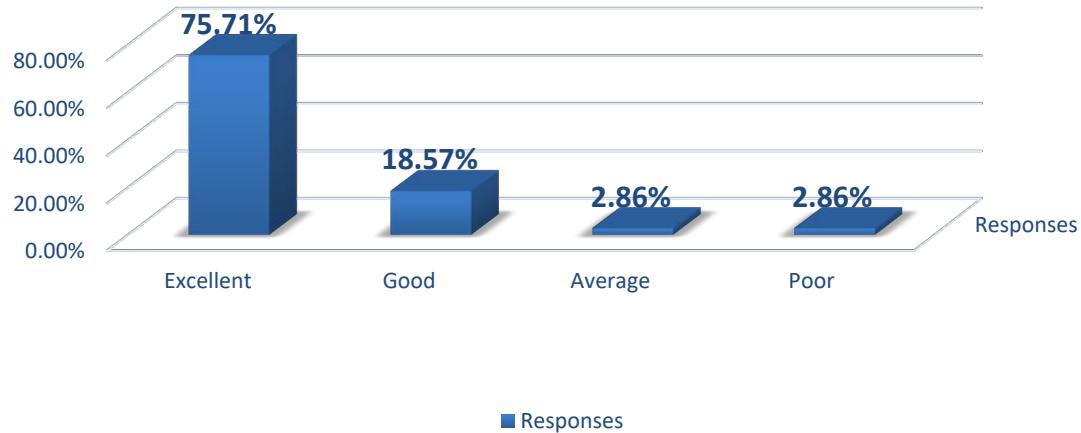
Figure 5 – Arbitrated Award Survey Results National**Figure 6 – Arbitrated Award Survey Results National**

Figure 7 – Arbitrated Award Survey Results National

How would you rate the arbitrator's impartiality with respect to the decision?

**Figure 8 – Arbitrated Award Survey Results National**

How would you rate your overall experience under the NCDS Arbitration Program?

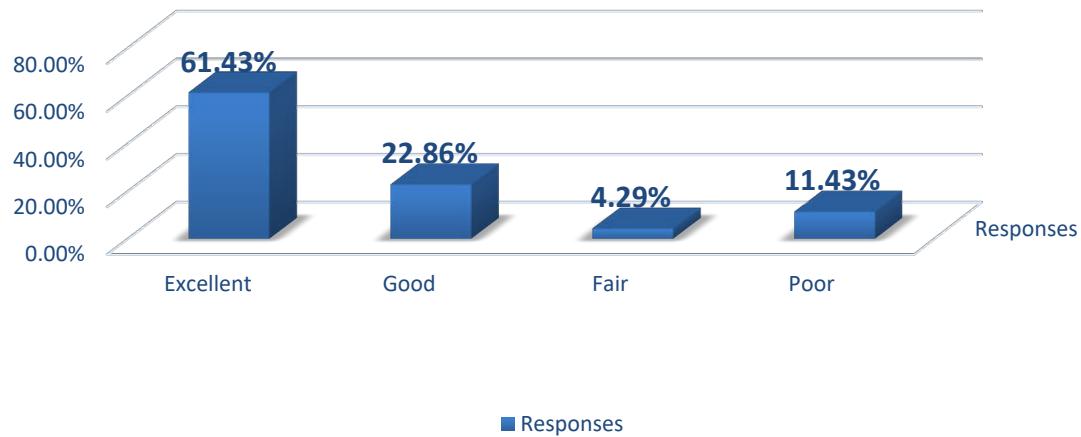


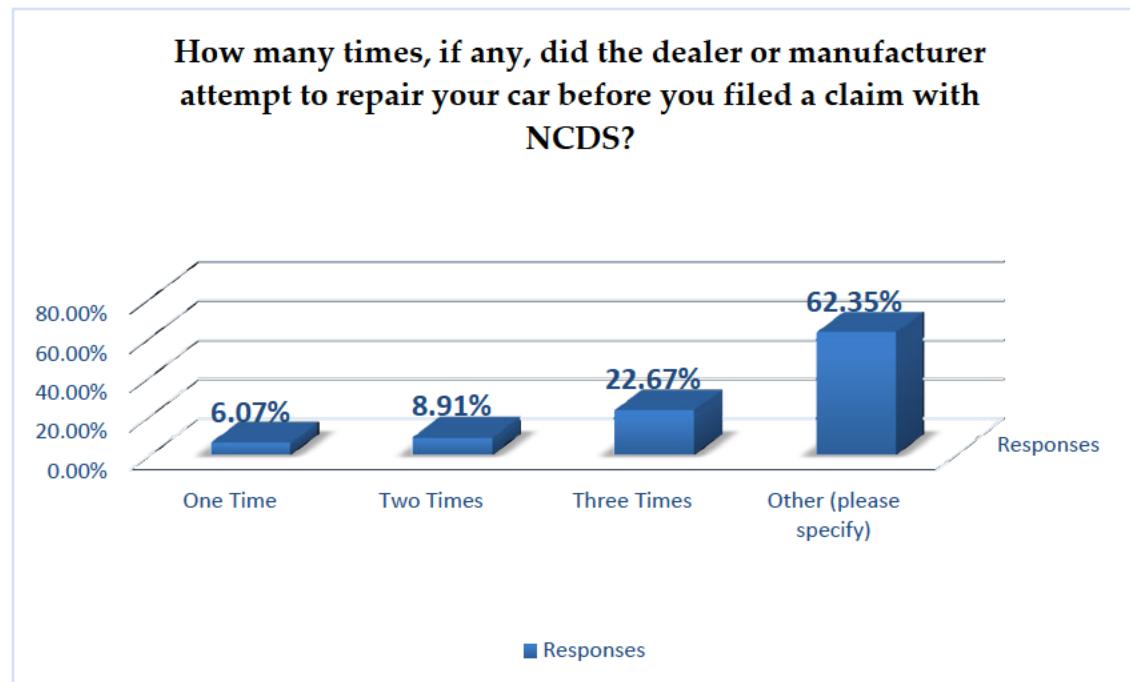
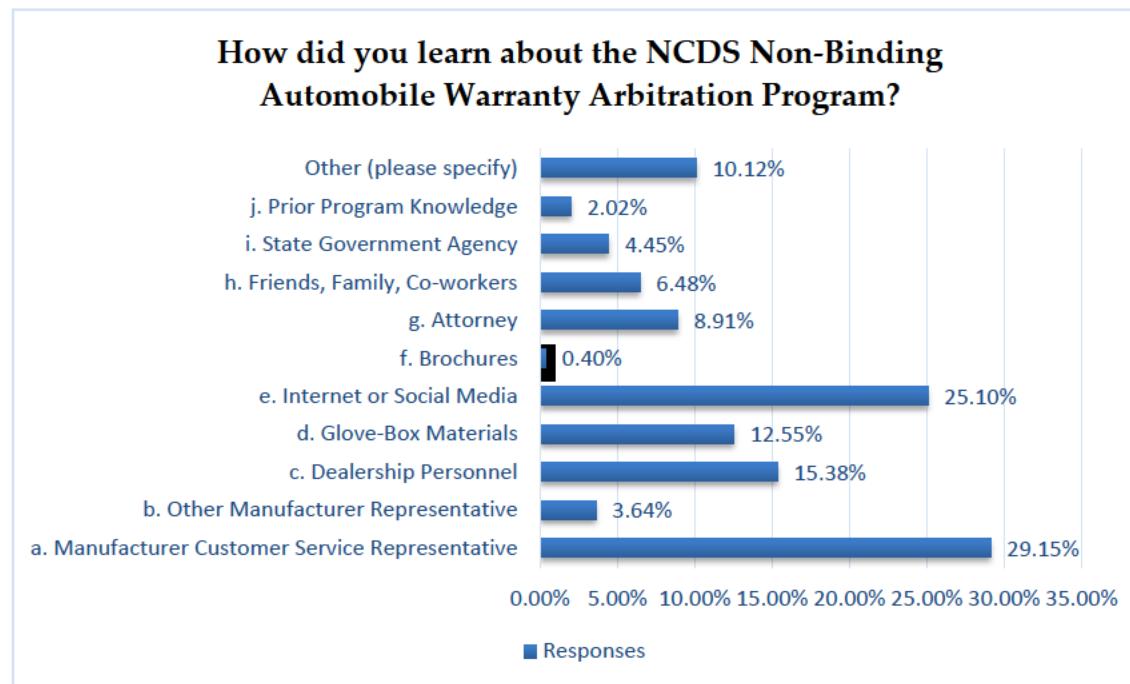
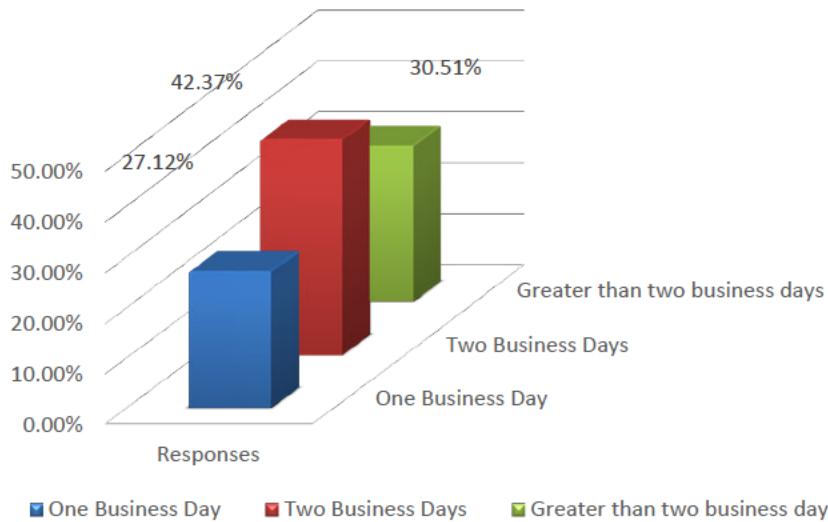
Figure 9 – Arbitrated Award No Action Survey Results National**Figure 10 – Arbitrated Award No Action Survey Results National**

Figure 11 – Arbitrated Award No Action Survey Results National

After you filed your E-File claim with NCDS, how long did it take for an NCDS administrator to contact you?

**Figure 12 – Arbitrated Award No Action Survey Results National**

Did the arbitrator explain the arbitration hearing process to both parties?

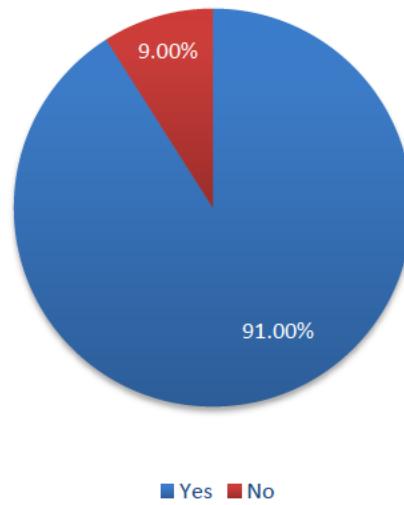


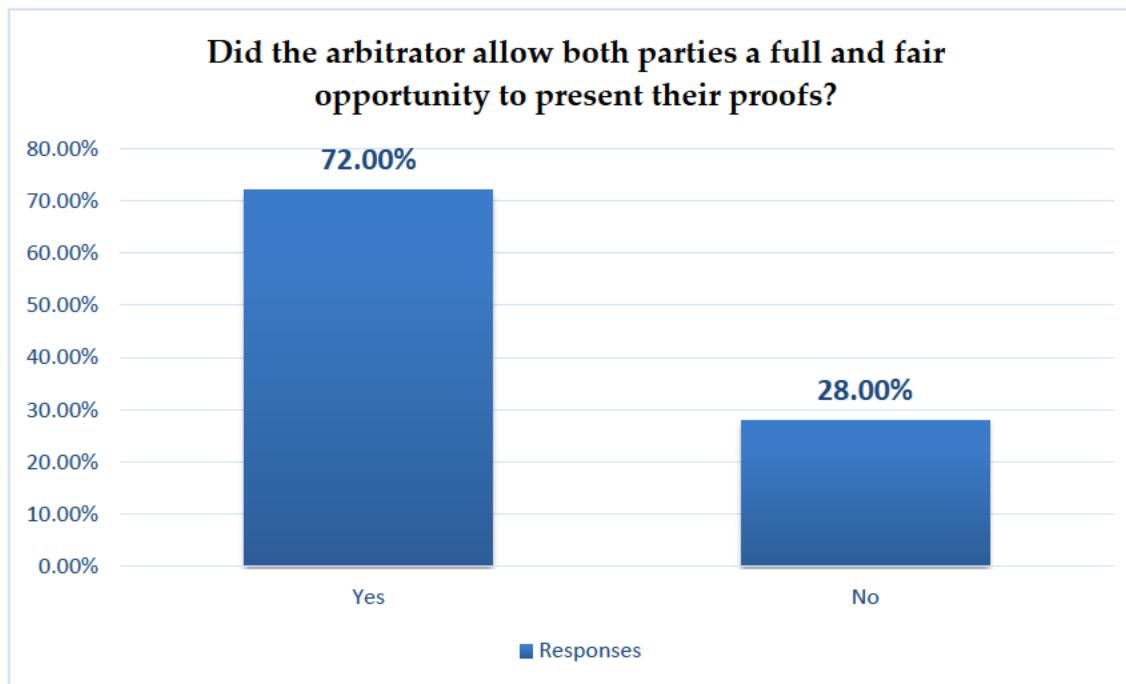
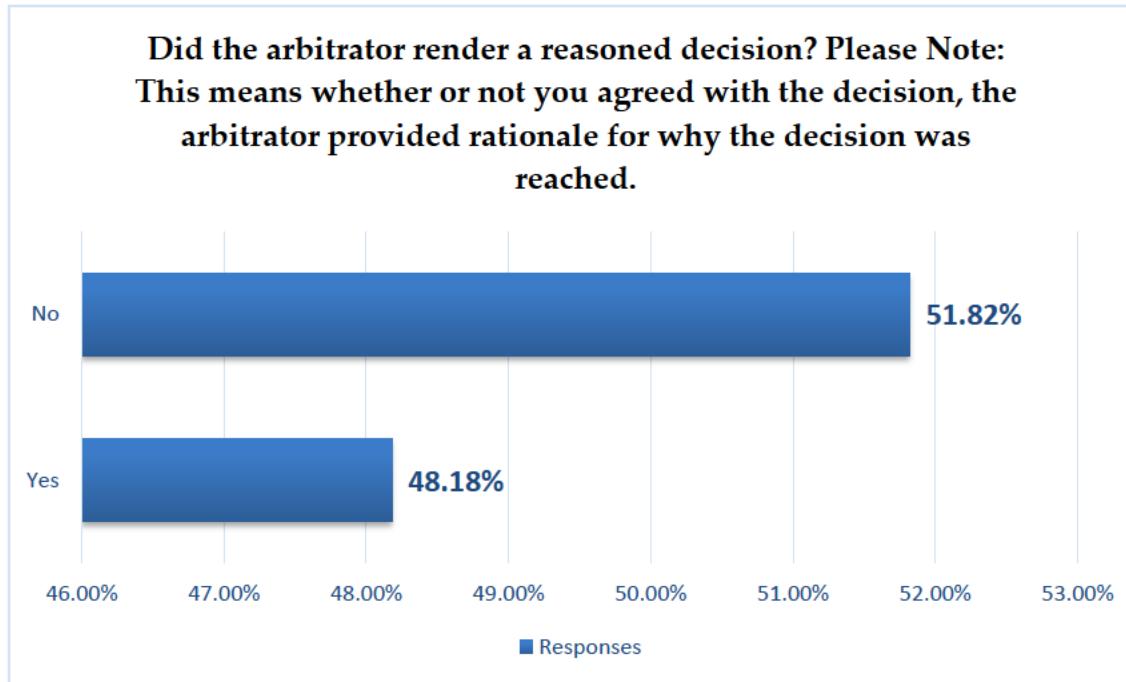
Figure 13 – Arbitrated Award No Action Survey Results National**Figure 14 – Arbitrated Award No Action Survey Results National**

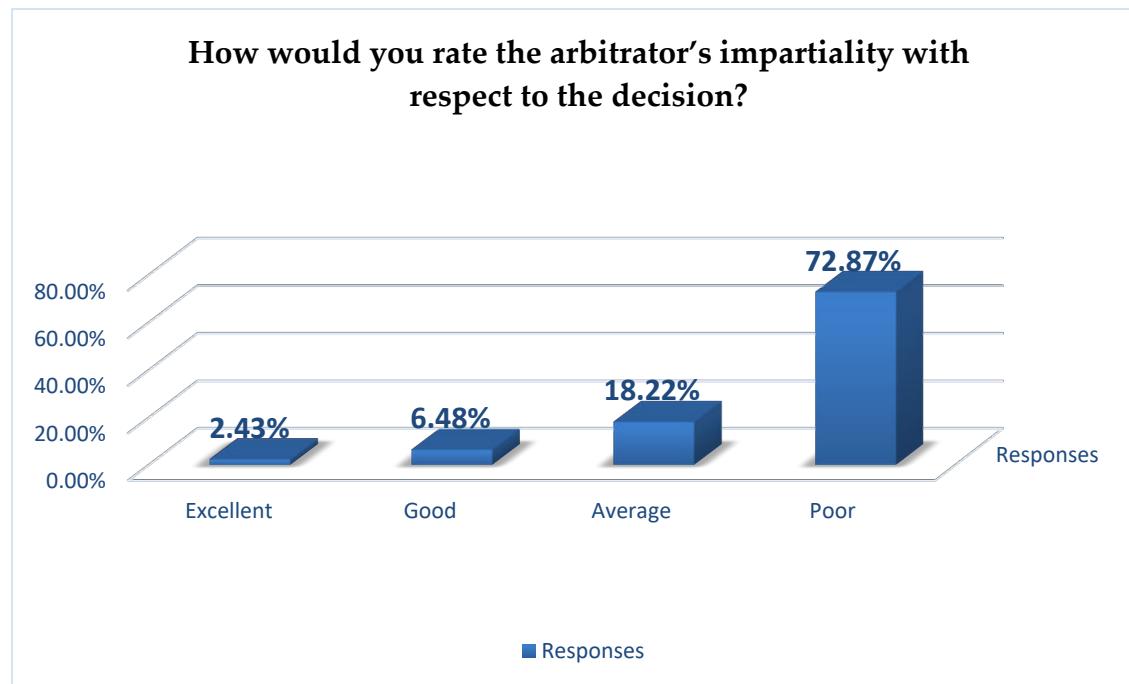
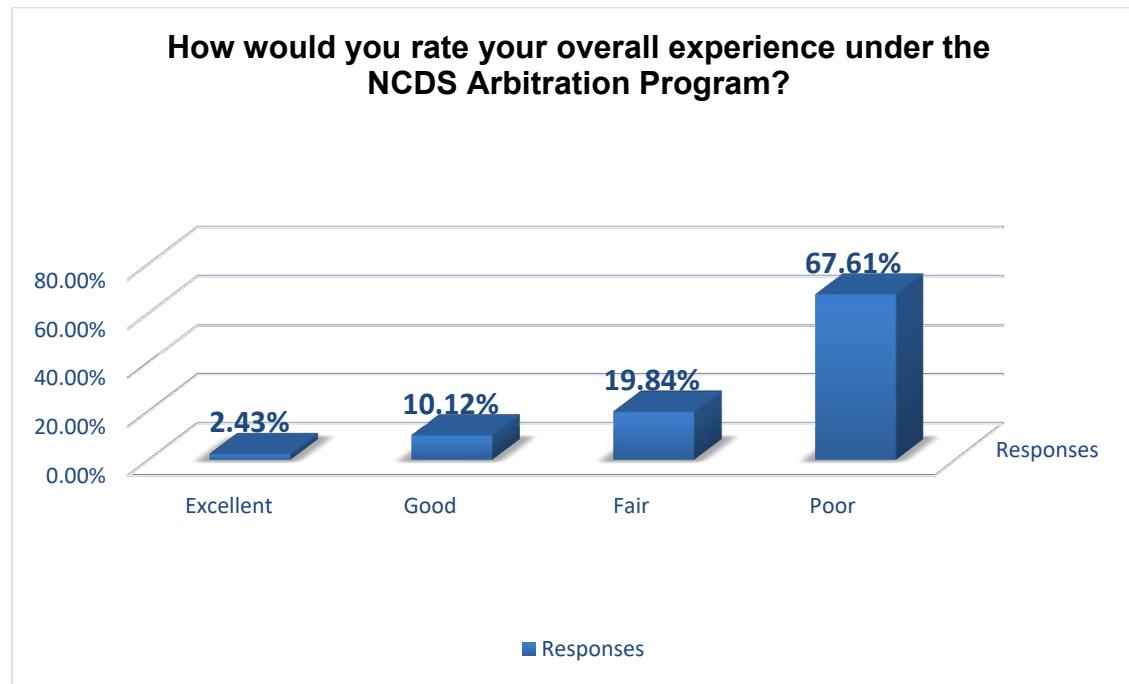
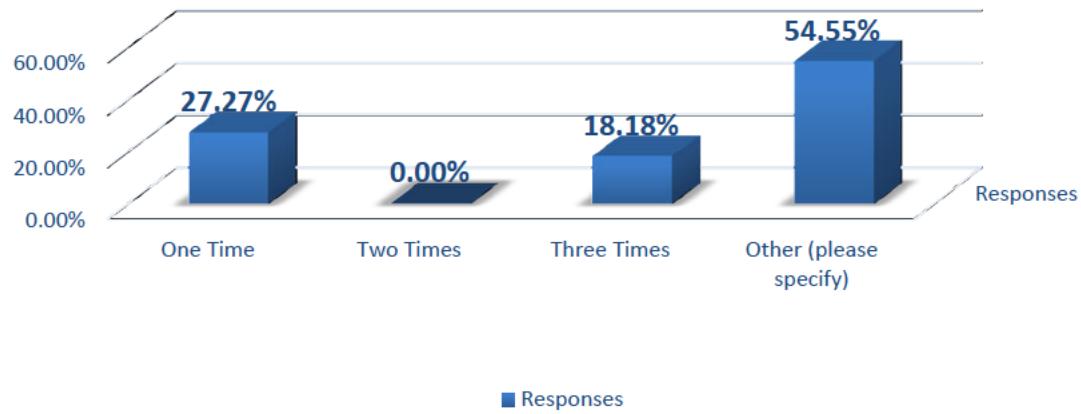
Figure 15 – Arbitrated Award No Action Survey Results National**Figure 16 – Arbitrated Award No Action Survey Results National**

Figure 17 – Mediated Survey Results National

How many times, if any, did the dealer or manufacturer attempt to repair your car before you filed a claim with NCDS?

**Figure 18 – Mediated Survey Results National**

How did you learn about the NCDS Non-Binding Automobile Warranty Arbitration Program?

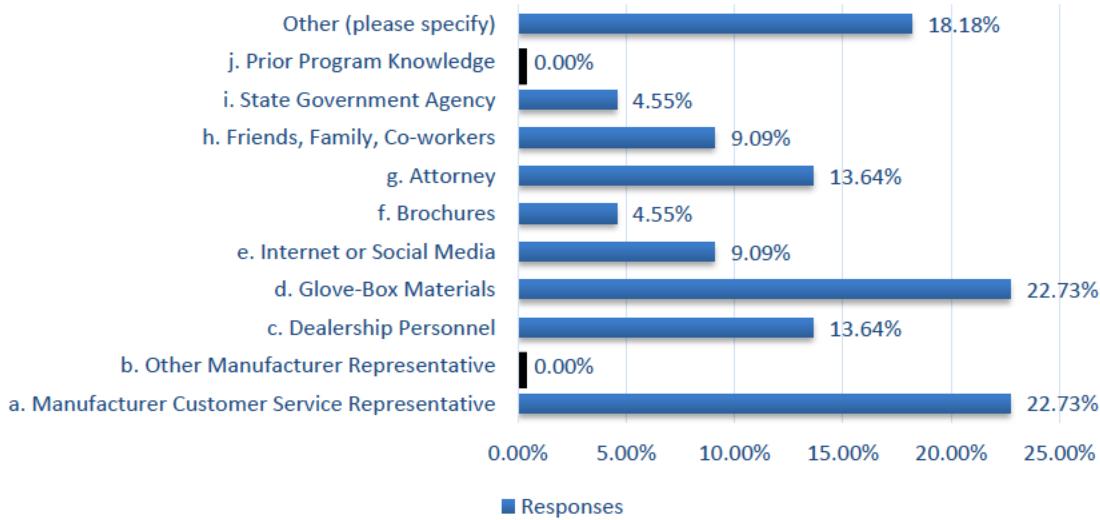


Figure 19 – Mediated Survey Results National

After you E-filed your claim with NCDS, how long did it take for an NCDS administrator to contact you?

