

**PERSONAL FINANCE**

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your  
**money**  
your  
**lifestyle**

**A** few years ago, when buying a second-hand car that did not have a service plan any more, I discovered what a rip-off my dealership was when it came to servicing and fixing it.

As I was free to shop around, I discovered a service provider that specialised in my make of luxury-end car, but who charged one-third of the fee that the dealership charged for a service.

To give you an idea, this week my eight-year-old car went in for a major service, which included a full service of the automatic gearbox. The bill was R4 200. That same service would have set me back at least R15 000 had I gone to the dealership.

This is why people are so afraid of buying cars out of their service plan or warranty - they don't realise how much they are really paying for that "service plan" at a dealer.

A bulb for a headlight may cost R3 400 at a dealership compared with R700 from an independent spare parts dealer, and motorists have paid as much as R13 000 through a dealer-authorised service centre for the replacement of an SABS-approved windscreen that would cost R2 000 at an independent provider.

This is why the introduction in July of the Guidelines for Competition in the South African Automotive Aftermarket is so important. Issued by the Competition Commission, the guidelines allow motorists to have their cars serviced by, and to buy spare parts from, independent service providers without losing their warranty.

According to the guidelines: "Independent service providers in South Africa have over the years been excluded from undertaking the service, maintenance and mechanical repairs on motor vehicles that are in warranty."

"One of the reasons for this is that when a motor vehicle which is in warranty is serviced, maintained or repaired by a party other than an approved dealer, there is the potential risk that certain provisions of the warranty on the motor vehicle may become invalid or void."

This has effectively created a monopoly and driven up the price of repairs and services.

As Wynand van Vuuren, head of client experience at King Price Insurance, explains, a car manufacturer currently only upholds a warranty if the car is serviced or repaired at specific providers and only if all parts are bought from specified providers.

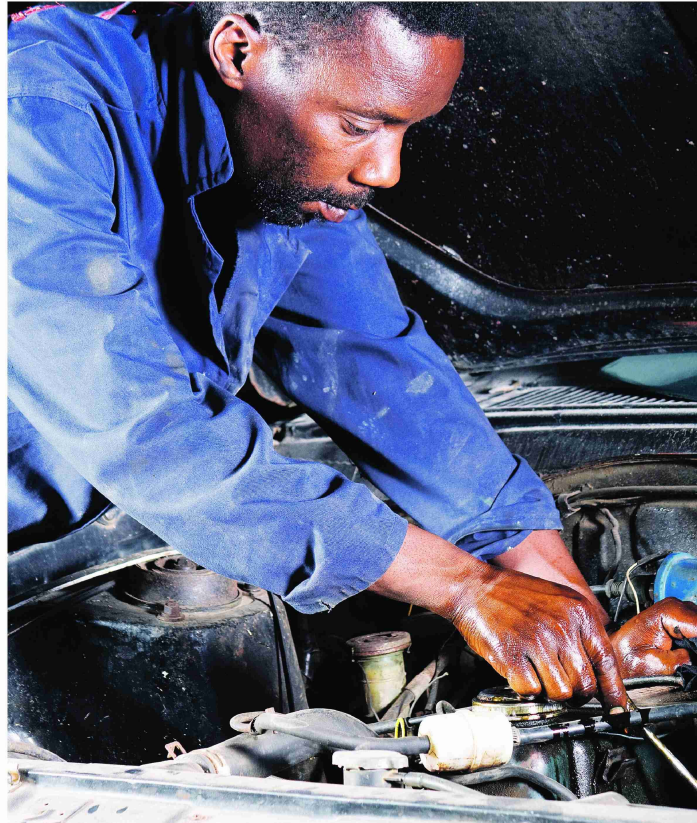
The new guidelines for competition will deliver not only competitive pricing, but also better service and repairs to motorists by providing more options.

According to the Competition Commission, manufacturers have limits on the number of motor body repairers they can approve in a particular geographical area.

"With few options available for insured consumers, the arrangements can be inefficient, often leading to delays for appointments to repair their motor vehicles."

"Further, many consumers are compelled to travel outside of their geographic locations to have their motor vehicles repaired at often far-located approved motor body repairers," say the guidelines.

Van Vuuren says the shortage of approved motor-



# COMPETITION TO CUT SERVICE AND REPAIRS premium

Freedom to have your car repaired by your preferred service provider will reduce the cost of ownership, writes **Maya Fisher-French**

body repairers can often create bottlenecks when, for example, a hailstorm hits a city or province, creating a spike in the number of cars needing to be repaired.

Opening the market to competition will not only bring down the price of parts and repairs, it will also positively affect insurance premiums.

"We expect this to have an incredibly positive influence on repair costs for insurers, with the result being lower insurance premiums," says Van Vuuren.

While the widening of the service provider pool will bring competition, the challenge will be in ensuring that standards are maintained, that independent service providers are properly accredited by the manufacturer and that any non-original spare parts meet SABS standards.

As the ombud for short-term insurance points out, while the guidelines will present advantages and

benefits for consumers, there may also be some disadvantages.

"Service providers may not be regulated in terms of their compliance, and the service provided may not be of the level required or sought. We will see how it goes once it is in effect."

Insurers, who came under fire for using only a limited number of providers, will also have to alter the way in which they operate to accommodate the larger pool of service providers.

From complaints received, the Competition Commission found that some insurers "appoint large numbers of service providers on to their panels, but allocate work to a few, repeatedly".

The guidelines "encourage a fair allocation of work and promote inclusivity in the selection of motor body repairers on to the panels of insurers", especially historically disadvantaged providers.