

# New automotive aftermarket rules: 5 things car owners need to know

 By [Filum Ho](#)

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Big changes are coming to South Africa's motoring landscape on 1 July 2021. For the first time ever, owners of new cars will have the right to repair or service their vehicles at an independent provider of their choice. These owners won't be locked into restrictive embedded motor or service plans, and vehicle manufacturers won't be allowed to void warranties if owners choose to go with an independent service or repair provider.



Filum Ho | Picture supplied

Until now, South Africa has been unique in the world when it's come to these restrictive embedded motor and service plans. This is why the Competition Commission started a process in 2017 to bring our country more in line with places such as the US, Europe and Australia.

As a result, on 11 December 2020, the commission published its finalised set of guidelines for the automotive aftermarket.

“ *Media Statement: [@CompComSA](#) issues final [#automotive](#) [#aftermarkets](#) [#guidelines](#) [pic.twitter.com/ZqFBILfj7J](#)— [CompComSA \(@CompComSA\)](#) [December 11, 2020](#) ”*

These guidelines — which will go into effect on 1 July this year — include several changes that will boost competition.

Importantly, these changes mark a major victory for consumers. Here are five things that you need to know if you're considering purchasing a new car from July this year.

## 1. Dealerships, OEMs can't lock you in

As per the new guidelines, car manufacturers - known as Original Equipment Manufacturers or OEMs - cannot obstruct you from seeking service, maintenance, or mechanical repair work for your new motor vehicle at an independent Service Provider (ISP) of your choice.

What's crucial to note here is that you as the consumer still have the right to seek these kinds of services from your approved dealership, but you now have the additional option of going to an ISP if you so wish.

## **2. Unbundling of plans at point of sale**

There will be an unbundling of maintenance plans and service plans at the point of sale from the purchase price of the motor vehicle. This will allow consumers to exercise choice regarding whether or not they want to purchase the maintenance plan or service plan from their dealership or from an independent provider. This is common practice elsewhere in the world.

In the instance where a car is written off, OEMs and independent providers must transfer the maintenance plan or service plan to a replacement vehicle. Dealerships or independent providers also have to disclose all information regarding the maintenance and repair of their vehicles, as well as the terms and conditions thereof.

## **3. You can fit non-original parts**

Consumers will be able to fit original or non-original spare parts, whether by an approved dealer, motor-body repairer, or an ISP, during the in-warranty period. The quality of these parts will be dealt with in line with consumer protection laws, as well as existing warranties.

Consumers should be aware of what is called OEE, or Original Equipment Equivalent parts. These have the same specifications and safety features as OEM parts but are sold at lower prices. Interestingly, OEE and OEM parts are often made in the same factories and are only differentiated by their branded markings.

## **4. More accessible dealership choices**

In South Africa, motor dealerships have traditionally been large, multimillion Rand showrooms, situated mainly in suburbs, towns and cities. There have historically been very few dealerships situated in townships or outlying areas. A big reason for this has been that OEMs often place specific requirements regarding, for instance, the procurement of furniture, fittings and finishes as well as the size and location of the premises.

But with the new guidelines, the Competition Commission has set out that OEMs must lower the financial barriers and location requirements for new dealerships to boost their footprints. This must still be balanced with the need for economic rationale, but it could open up a whole new market.

## **5. Insurers must give you more choice**

Other changes outlined in the guidelines are set to particularly impact the way your insurer deals with your repairs, especially when your car parts fall out of their warranty period. These changes include that insurers will need to offer consumers more choice of repairers within geographic areas for out-of-warranty repairs. Insurers are expected to approve any repairer that meets their standards and specifications to undertake repairs on out-of-warranty vehicles.

Once the implementation date of 1 July 2021 comes and goes, and if consumers stumble upon dealerships or OEMs which don't adhere to these new rules, then these consumers will still have recourse.

One option will be to lay an official complaint with the Competition Commission. A complaints form on the Commission's website provides guidance on this. In addition to this, consumers can also seek out guidance from the [Right to Repair South Africa organisation](#) regarding any complaints.

All in all, these changes are expected to have a positive impact on the market and uplift historically disadvantaged providers as well.

## ABOUT FILUM HO

FilumHo is the CEO of Apollo Studios. He was previously CEO of South African auto parts and glass specialists Autoboyz. Born in Taiwan but now living in South Africa, Filum transitioned from a top career in investment banking at the likes of Deutsche Bank and Merrill Lynch to shaking up SA's auto parts and glass markets.

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