

To: PMI@cma.gsi.gov.uk

An Independent Distributor – Response to CMA Report ‘Provisional decision on remedies’ 12th June 2014

Supply of collision parts is currently dominated by vehicle manufacturers who, we believe, control around 90% of the insurance-funded sector, via their franchised dealer networks. We regard this as close to a monopoly situation because collision parts are nearly always marque specific i.e. a Ford wing can't be fitted to a Vauxhall. Independent distributors have been making substantial inroads, because of high quality, faster delivery and much lower prices.

In response to your report ‘Provisional decision on remedies’ 12th June 2014, we wish to make the following two submissions:-

1) Non-fault claimants should always have received full information in their policy documentation about their rights to have their vehicle returned to pre-accident condition, prior to their purchase of the policy. This should include their insurer's stance on the use of non-OEM and recycled-OEM parts.

We make the following comments about non-OEM parts:-

- Vehicle manufacturers should more accurately be termed ‘vehicle assemblers’ because the majority of components in their vehicles are supplied (and increasingly designed) by outside parts manufacturer companies. These parts manufacturers supply the same or similar parts to independent distributors and also produce parts for vehicles where they don't have current original equipment supply contracts. We call these ‘parts of matching quality’.
- Returning a vehicle to pre-accident condition should not exclude the use of non-OEM parts in the repair. EU Commission Regulation 461/2010 stipulates that spare parts of ‘matching quality’ are appropriate for all repairs. This is in order for the parts market to operate effectively, without excessive anti-competitive influence by vehicle manufacturers. More recent EU rulings have clarified that this stipulation applies even when vehicles are within extended manufacturer or dealer warranties.
- ‘Parts of matching quality’ are generally sold at significantly lower prices than the equivalent OEM item, enabling the cost of repairs and insurance premiums to be reduced.
- Collision parts distributed by many independent distributors have been individually certified as being of ‘matching quality’ by competent, independent, external bodies namely Thatcham, CZ, TÜV and CAPA. This means that they are identical to OEM or OES parts in form, function and fit-ability. They exceed the parts quality requirements of PAS125.

2) We submit that an explanation of the above points is too complex and is irrelevant for a FNOL discussion between the insurer's call centre and a non-fault accident victim. Therefore the statement on the use of only replacement parts made by the original manufacturer (Remedy A, Part A, 6) ii)) should be excluded from any CMA recommendation on the structure and content of FNOL dialogue.