THE MOTOR OMBUDSMAN

The Motor Industry Code of Practice

For New Cars

Audit – July 2026

Background information

The Motor Industry Code of Practice for New Cars is one of the UK's longest-established Consumer Codes and is approved under the CTSI Approved Code Scheme.

The Motor Ombudsman administers four Approved Codes covering New Cars, Vehicle Sales, Vehicle Warranty Products, and Service and Repair. These operate through a common governance, compliance and Alternative Dispute Resolution framework.

No material changes to the New Cars Code were reported during the audit period beyond those introduced in 2025. TMO has continued to develop its operational processes, including digital case management, AI-assisted document handling, accessibility improvements and revised arrangements for consumer feedback.

Audit process

This desktop audit was undertaken in accordance with the CTSI Consumer Codes Approval Scheme requirements. The assessment was based on the completed pre-audit questionnaire, supporting documentation submitted by The Motor Ombudsman, and a review of the governance, compliance, accreditation and Alternative Dispute Resolution arrangements applicable to the New Cars Code.

Audit summary

The Motor Ombudsman continues to operate the New Cars Code within an established governance and compliance framework. Based on the evidence submitted, appropriate arrangements remain in place for member accreditation, compliance monitoring, consumer protection and Alternative Dispute Resolution. No significant issues were identified during the audit that would adversely affect the effective operation of the Code.

New accredited businesses

The Motor Ombudsman continues to operate a documented accreditation process for new applicants. The evidence reviewed demonstrated that prospective accredited businesses are required to complete an application process, confirm compliance with the Code's requirements and undergo appropriate checks before accreditation is granted.

Existing accredited business inspections/audit

Accredited businesses are monitored through a risk-based compliance framework informed by complaint handling, ADR casework, intelligence and previous compliance history. Where concerns are identified, targeted onsite audits may be undertaken and the outcomes used to inform ongoing monitoring.

During 2025, TMO completed seven audits from a total of 52 New Cars Code members, representing 13.5% of the membership. A sample of the completed audit records was reviewed and demonstrated that findings, required actions and follow-up activity were documented through the audit process.

Accreditation withdrawal and sanctions for non-compliant accredited businesses

The evidence reviewed confirmed that The Motor Ombudsman maintains a documented compliance and disciplinary framework to address breaches of the Code and failures by accredited businesses to meet their obligations. The framework provides for proportionate sanctions, including escalation to the Independent Compliance Assessment Panel (ICAP), where appropriate.

No accredited businesses were subject to a formal disciplinary or sanctions process during the 2025 reporting period, and no matters were referred to ICAP. The audit did, however, confirm that compliance activity continued throughout the year and that a review of the compliance framework is underway to further strengthen governance, risk based monitoring and case management.

Marketing and advertising by accredited businesses

The evidence reviewed confirmed that The Motor Ombudsman continues to monitor the use of Code branding and accredited business marketing materials. Guidance is provided to accredited businesses on the correct use of the Code logo and Smart Badge, with monitoring undertaken to help ensure continued compliance. No issues relating to marketing or advertising by accredited businesses were identified during the audit period.

Terms and conditions and other pre-contractual information

The revised New Cars Code sets out the information accredited businesses must provide to enable consumers to make informed decisions, including clear details of vehicle prices, warranties, additional products and any applicable fees. The Code applies to transactions made on premises, off premises and at a distance.

The accreditation terms also require businesses to make consumers aware of their Code accreditation, complaints process and access to The Motor Ombudsman. The evidence reviewed confirmed that suitable guidance and example wording are provided to accredited businesses.

Customer service provisions

The evidence reviewed demonstrated that The Motor Ombudsman has established arrangements to support accredited businesses and consumers, promote compliance with the New Cars Code and facilitate access to its Alternative Dispute Resolution (ADR) service. The documentation reviewed also demonstrated that appropriate account has been taken of the requirements of the UK GDPR, the Consumer Rights Act 2015 and the needs of vulnerable consumers.

Accredited businesses are supported through induction, training, legal updates, webinars and guidance on emerging issues. The audit also confirmed that learning from ADR casework, complaint trends and consumer feedback is used to inform guidance, training and the ongoing development of the New Cars Code and its supporting processes.

Consumer complaints process

The evidence reviewed confirmed that accredited businesses are required to maintain an effective internal complaints procedure and to advise consumers of their right to refer unresolved disputes to The Motor Ombudsman. Guidance and supporting documentation are provided to assist accredited businesses in meeting these requirements and promoting a consistent approach to complaint handling.

The audit also confirmed that The Motor Ombudsman operates an established Alternative Dispute Resolution (ADR) service for eligible complaints that cannot be resolved between the consumer and the accredited business. Complaint data and ADR outcomes are monitored to identify trends, inform compliance activity and support the ongoing development of the Code and associated guidance.

Customer satisfaction and feedback

The evidence reviewed confirmed that The Motor Ombudsman continues to monitor customer satisfaction and consumer feedback as part of its governance and quality assurance arrangements. Customer feedback, complaint data and ADR outcomes are analysed to identify trends, support service improvement and inform the ongoing development of the New Cars Code and associated guidance.

Following the introduction of the Digital Markets, Competition and Consumers Act 2024 (DMCCA), TMO reviewed its approach to the publication of consumer reviews and no longer publishes customer reviews through its Business Finder. Consumer

feedback continues to be collected and used for compliance monitoring and continuous improvement.

Conclusions

The evidence reviewed during the audit indicates that The Motor Ombudsman continues to operate the Motor Industry Code of Practice for New Cars in accordance with the principles of the CTSI Approved Code Scheme. The Code remains supported by established governance arrangements, structured accreditation procedures, compliance monitoring and an effective Alternative Dispute Resolution service.

The audit confirmed that TMO continues to review and develop its operational processes in response to legislative, regulatory and industry developments. This includes enhancements to digital services, support for vulnerable consumers, compliance monitoring and the use of learning from ADR casework and consumer feedback to inform the ongoing development of the Code and supporting guidance.

Overall, the New Cars Code continues to operate effectively and provides appropriate protection for consumers. No significant concerns were identified during the audit