



# AN EXAMINATION ON THE CONSUMER PROBLEMS ENCOUNTERED, THE USE OF CONSUMER RIGHTS AND THE DECISIONS OF CONSUMER PROBLEMS ARBITRATION COMMITTEE

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## Abstract

Consumer rights, already accepted and embraced by most of the international communities and institutions, are among the basic human rights. However, there is no adequately accumulated literature yet in Turkey regarding how consumer rights are used and what sort of consumer problems are experienced in practice, despite the fact that Turkish consumers have been under the umbrella of Consumer Protection Law for about 20 years. The purpose of this study is to determine and analyze how consumer rights are used, what common consumer problems are met in practice, how they are solved by arbitration committees for consumer problems. In this regard the study includes examinations and the results of those from descriptive analyses of the consumer applications made to the arbitration committee in one of the provinces in Central Anatolia. The findings reveal that consumers experience the most problems with banks; the remaining are comparably lesser than those with banks; (yet, among those) the number of problems experienced with goods are higher than those with services, and most of the decisions made by the arbitration committee are in favor of consumers.

**Keywords:** Consumer, consumer rights, consumer protection, Consumer Problems Arbitration Committee, Law on Consumer Protection

**Jel Classification:** M31, M16, M10, L80, I23

## TÜKETİCİ SORUNLARI, TÜKETİCİ HAKLARININ KULLANIMI VE TÜKETİCİ SORUNLARI HAKEM HEYETİ KARARLARI ÜZERİNE BİR İNCELEME

## Özet

Tüketici hakları bugün uluslararası toplum ve kuruluşlar tarafından tanınmış ve benimsenmiş temel insan haklarından biridir. Ancak Türkiye’de de yaklaşık 20 yıldan bu yana hukuki koruma altında olan tüketici haklarının ne şekilde kullanıldığı, tüketicilerin pratikte ne tür sorunlarla karşılaştıkları ve bunların nasıl çözümlendiğine ilişkin yeterli bir literatür oluşmuş değildir. Bu çalışmanın amacı, literatürde mevcut sözkonusu boşluğun kapatılmasına bir katkı amacıyla tüketici haklarının ne şekilde kullanıldığını, en sık karşılaşılan tüketici sorunlarının neler olduğunu ve bunların tüketici hakem heyetleri tarafından ne şekilde sonuçlandırıldığını tespit ve analiz etmektir. Çalışma, Orta Anadolu’daki illerden birinde Tüketici Sorunları Hakem Heyeti’ne yapılan başvuruların incelenmesini ve buna ilişkin tanımlayıcı analiz sonuçlarını içermektedir. Bulgular, tüketicilerin en sık bankalarla sorun yaşadıklarını; diğer sorunların göreceli olarak daha az olduğunu; (ancak bunlar arasında da) mallar hakkında yaşanan sorunların, hizmetlerle yaşanan sorunlardan daha fazla olduğunu ve tüketici hakem heyetine yapılan başvurulardan büyük çoğunluğunun tüketiciler lehine sonuçlandığını göstermektedir.

**Anahtar Kelimeler:** Tüketici, tüketici hakları, tüketicin korunması, Tüketici Hakem Heyeti, Tüketicinin Korunması Hakkında Kanun

**Jel Sınıflandırması:** M31, M16, M10, L80, I23

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## INTRODUCTION

Consumer rights are the universal human rights accepted almost globally by the international community (including but not limited to Turkey, Australia, Indonesia, Japan, Germany, USA, UK, Netherland, United Arab Emirates, South Africa) (see http 1 to 3 just for some examples) *and* institutions (e.g. United Nations and Consumer International; see United Nations, 2003; http 5). Since the time that US President John F. Kennedy delivered a historic address to the US Congress that put forward a vision of consumer rights<sup>†</sup>, which was the first time that any politician formerly set out such principles, both the idea and practice of consumer rights have reached to a considerable level, having developed this vision into a set of eight basic consumer rights, known widely. It has been almost three decades since the consumer movement gained an international dimension by exceeding much beyond the national borders.

However, it is not yet possible to claim that consumer rights are enjoyed evenly by all consumers in the world, in spite of being among the basic rights. Like other basic human rights, the use of consumer rights are also subject to implementation. The implementation of consumer rights idea to the practice is related to two basic conditions in a country: Readiness and infrastructure. As the former corresponds to the level of advancement in a society in terms of consumer awareness and rights, the latter one does the underlying societal institutions both in statutory and organizational meaning (including government and consumer institutions). A deficiency in any of these legs hinders the sufficient use of consumer rights.

Turkey is a country that has taken important steps toward the use of consumer rights both in statutory (The Constitution of Turkish Republic, Item 172; TKHK No: 6502) and organizational sense (Canöz, 2015). Turkish consumers have been experiencing the joy of protection by the consumer protection law since 1995. On one side the government institutions regarding consumer rights have been set up through out the country as a requirement by the law, on the other side many consumer organizations have been developed for more than two decades. Based on the knowledge accumulation and experiences, there has been formed an important volume of legislation over time. Therefore the infrastructural aspect does not seem much problematic in Turkey in terms of using the consumer rights. In terms of the other aspect, readiness, the Turkish society has gained considerable achievements and experiences during the last 25 years. Both consumer organizations and government institutions have been promoting the idea of consumer rights and how to use them and as a result of this, in general, Turkish consumers have reached to a certain level of readiness to use them as found out by several studies, which are discussed below.

However, generally speaking the issue of consumer rights does not seem as bright as it is in the industry on the academic side in Turkey. Despite there is more or less some body of specific literature on the subject, the gap is significant especially with respect to how and to what extent the consumers use their rights in practice. Unfortunately marketing academics often focus on more theoretical and/or complex research issues but involuntarily ignore the basic problems in the field. The issue of consumer problems is such a subject that appears to have been overlooked long time in Turkey. Hence, the purpose of this work is two fold: To determine what sort of problems Turkish consumers experience and apply to ‘consumer problems arbitration committees’<sup>‡</sup> to be solved for, and to contribute filling the gap in the literature. The paper presents the results of and findings from more than 10 thousands consumer cases (complaints) to the Consumer Problems Arbitration Committee (CPAC) in one of the Central Anatolian cities, Niğde.

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<sup>†</sup> “Consumers by definition, include us all,’ Kennedy said in his Congressional Statement, ‘They are the largest economic group, affecting and affected by almost every public and private economic decision. Yet they are the only important group... whose views are often not heard.” (<http://www.consumersinternational.org/who-we-are/consumer-rights>)

<sup>‡</sup> Throughout the paper it is referred to ‘the committee’ or ‘the arbitration committee’ shortly.

The paper is organized in five main parts as follows: It is presented a review of the existing literature in part two and then the method of the study in part three, followed by the main findings of the study in part four. And final part is the summary and conclusion.

## I. LITERATURE REVIEW

It has been a long time since the idea of consumer protection was included in the marketing literature. This idea is based on the thought (and, of course, applications and experiences) that consumers needed protection against the violations and malpractices of comparably much stronger commercial organizations that provide goods and services to individuals, who were infact observed to be defenseless against such entities. By the time, the consumer organizations formed raised some voices against those malpractices, this only had limited effects on companies because, unlike the law enforcement, no action could make the same influence on them to take a specific action in the benefit of consumers. In this sense, the state power that stands behind consumers is a fundamental part of consumer protection. Consumer laws provide that protection needed, which is also a fundamental issue in modern marketing practices and thought.

On the other hand, consumer satisfaction is also a key term in modern marketing. Its being so is related to the fact that in today's competitive environment companies are unlikely to become successful and reach their goals without consumer satisfaction. Any application of companies that hinders consumer satisfaction is against themselves and harm their image. In this sense, the idea and goal of 'consumer satisfaction' functions as a leverage for companies' success and well-being; similarly, so does any social institution (including law) or any government application through consumer protection.

In that sense, consumer protection is not something against companies. It is a constructive instrument that eases building up trust and close relations between consumers and companies, which help them to improve consumer satisfaction. Companies' being respectful to the rights of consumers increases consumer satisfaction (Karaosmanoğlu and Hiz, 2014). In fact, according to the modern marketing thought, companies can only attain their goals through consumer satisfaction, in which consumer protection plays an important role. Therefore, consumer protection is not a choice but a must for companies both by ethics and company benefits as well as by law.

In consumer protection the knowledge of consumer rights are the most fundamental issue. Both companies and consumers should have the sufficient knowledge of basic consumer rights; however, the latter is also required to how to use them. This paper is more related to the use of consumer rights, too; but first it would be beneficial to summarize the basic consumer rights. Universally recognized consumer rights are as follows: 1) *The right to satisfaction of basic needs* (have access to basic, essential goods and services e.g. adequate food, clothing, shelter, health care, education, public utilities, water, and sanitation), 2) *the right to safety* (to be protected against products, production processes, and services that are hazardous to health or life), 3) *the right to be informed* (to be given the facts needed to make an informed choice, and to be protected against dishonest or misleading advertising and labelling etc.), 4) *the right to choose* (to be able to select from a range of products and services, offered at competitive prices with assured satisfactory quality), 5) *the right to be heard* (to have consumer interests represented in the making and execution of government policy, and in the development of products and services), 6) *the right to redress* (to receive a fair settlement of just claims, including compensation for misrepresentation, poor quality goods or unsatisfactory services), 7) *the right to consumer education* (to acquire knowledge and skills needed to make informed, confident choices about goods and services, while being aware of basic consumer rights and responsibilities and how to act on them), 8) *the right to a healthy environment* (to live and work in an environment that is non-threatening to the well-being of present and future generations) (United Nations, 2003; Babacan, 2009: 6-7; http 4).

Surely the existence of consumer rights is important in a country but more important is the usability of them. The usability depends on two things: The existence of required mechanisms (law, government and non-government institutions, their willingness, etc.) and the level of knowledge by consumers about consumer rights. As the former is adequately exist in Turkey<sup>§</sup> (Canöz, 2015; Gok et al., 2013), it is difficult to say the same about the latter one because there is no sufficient literature focused on the level of consumer knowledge of rights and that is why it is not known adequately, despite the fact that the academic studies on the consumer protection go back much earlier than the first version of consumer protection act in 1995 (see Borak, 1984a; 1984b).

The early studies reveal that consumers did not know their rights adequately or did not believe that there were adequate mechanisms to protect their rights (see Tanrıverdi and Oktay, 2002; Kaynak and Akan, 2011; Gok et al. 2013). However, the current situation still needs to be investigated and clarified.

Most of the existing literature focused on determining how knowledgeable consumers were about consumer rights and consumer protection. Besides this, as discussed below, some studies also raised the issue of what sort of goods or services consumers were complaining about but no academic study was found yet that concentrated on the type of problems carried out to consumer problems arbitration committees, which are one of the most rationale choices for consumers. Surprisingly, the literature is scarce in such an important and practicable topic that affects the lives of consumers directly. The existing works are also spreaded out around this very specific topic but they are insufficient to give give a clear picture of it. Although they can be linked to this specific topic indirectly, some of the studies and their findings are as follows:

Tanrıverdi and Oktay (2002) studied the consumer problems and consumer protection in tourism sector based on a survey study on domestic tourists in Ankara. The study aimed at determining the most frequently met consumer problems and how consumers act when they have problems in tourism sector. The study found that most of the consumer problems faced by consumers stemmed from accommodation and travel firms. It also showed that the first preference of consumers to solve the problems met was to contact with the related firm and the tendency to looking for legal steps was quite low among the domestic tourism consumers. However, it is very likely that those findings should have changed during the time passed.

Durmaz (2006) discussed the relationship between consumer satisfaction in modern marketing and universal consumer rights. Canöz (2015) studied the public relations activities organized by some government agencies responsible for consumer protection and described their activities towards informing, educating and enlightening consumers, raising consumer consciousness, promoting consumers' getting organized, etc. in detail.

Gok et al. (2013) investigated the knowledge and attitudes of university students in Turkey on consumer rights, aiming at determining whether the consuming preferences of the youths are based on the true knowledge or not and assessing the knowledge of youths on the law concerning consumer protection. The study, carried out on a sample of 697 students, attempted to determine whether students were conscious consumers or not as they purchase goods and services. The authors concluded that in general the university students' level of knowledge of the consumer protection act was low (39%); however, those who were willing to increase their knowledge were higher (48%). Those who made a formal attempt to any consumer organization were only about 15%, which the authors concluded that university students used to complain rather than following formal steps towards protecting their rights. On a similar context, Güler et al. (2007) studied the knowledge levels and attitudes of high school students towards consumer rights. The study found

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<sup>§</sup> It can be discussed whether or not it is sufficient, there is a well-established infrastructure in Turkey for consumer rights protection in terms of both governmental and non-governmental formations. Turkey Consumer Organizations, Consumer Associations, Ministry of Industry and Commerce: General Directorate of Consumer Protection and Competition, Consumer Council, Advertising Board, Consumer Courts, and Consumer Problems Arbitration Committees are just some of the bodies among many working to protect and helping consumers to use their existing rights.

that the students mostly complained about food, cleaning products and clothes among commodities besides health, public transportation, and education among services. Gok et al.'s (2013) findings are also very similar. The most known consumer right was "the right to satisfaction of basic needs" while the least known consumer right was "the right to redress". Students mostly considered the existence of 'warranty' the most important issue when they bought. The vast majority of them (85%) also considered the seller first to apply, given that the product was defective. The study pointed out that students did not know much about legal regulations about consumer rights, a finding also supported by Gok et al. (2013).

In the same frame, Kaynak and Akan (2011) studied the importance of consumer awareness in the protection of consumers based on a field study of households in Erzurum. The study aimed at determining the level of consumer awareness of the legislation on consumer rights, consumer originated production and sale policies of companies, and the works of consumer organizations to protect consumers. It included a survey study carried out on households and the analysis of data. The study found that most of the consumers knew about the law on consumer protection and, at the same time, of the works of consumer organizations; however, they did not know much about consumer rights. At the same time there were statistically significant differences between male and female consumers' level of knowledge, where males were more knowledgeable than were females about consumer protection. Additionally both groups thought that consumer protection was not sufficient in Turkey. The study included similar analyses with respect to some other demographic variables such as education, income level, etc. and found that the level of knowledge about consumer protection increased as the level of education and income increased among consumers. However, the study found that in general the level of awareness about consumer rights was low among households in Erzurum (It should be noted that the study used the data from the year 2008).

Şahin and Kor (2009) studied the factors affecting consumer consciousness about consumer rights based on a field work in Mersin. They collected data from about 720 consumers and analyzed it with respect to income, education level, age, and sex in order to determine whether or not those demographic variables affected consumer consciousness. They concluded that as the income, education level and occupation affected the consumers' consciousness on consumer rights, the age and sex did not have any effect on consumer consciousness. There are also some other studies done to determine the level of consumer knowledge and consumer consciousness on consumer rights (e.g. Tok, 2007; Ersoy ve Nazik, 2004; Mert, 2003). However, most of the studies can be labelled as old-dated based on the fast socio-economic changes in communities in this technological age.

Karaosmanoğlu and Hız (2014) attempted to determine the complaint experiences and complaint perceptions of GSM customers based on a field survey. Although the study is not performed from the consumer protection perspective, it still puts some lights on the issue of consumer satisfaction and understanding the complaint behaviors of GSM consumers.

In short, although the current literature sheds considerable amount of light on the subject, this does not eliminate the existing gap in the literature on how consumers use their rights in practice (e.g. if the consumer knowledge and attitudes are turned out into action or to what extent they put their knowledge into action when they use their legal rights) and the types of problems consumers experience in the field. Those are just some of the questions awaiting suitable answers but the scientific studies are very limited on the subject.

## II. RESEARCH METHODOLOGY

This paper investigates the usage of consumer rights in Turkey. Its main purposes are to examine and describe the area of consumer behavior regarding the use of consumer rights, to figure out the types of consumer problems being experienced in practice, and to find out how they are

solved through the existing consumer rights mechanisms. In this respect the relevant data were obtained in raw format first, then they were processed and analyzed. It later was presented the relevant findings.

It has been tested the following hypotheses:

*H1: The difference between the average amounts of claims of the consumers to the arbitration committee for 'the commission and folder charges' and 'the other amounts [out of the commission and folder charges]' are statistically significant.*

*H2: The difference between the average amounts of claims made by male and female consumers to the arbitration committee are statistically significant.*

*H3: The difference between the average amounts of claims filed for goods and services are statistically significant.*

*H4: The difference between the average amounts of claims filed by bank customers and other companies' customers are statistically significant*

## **III. THE POPULATION, SAMPLING AND DATA ISSUES**

The study was carried out in Central Anatolian Province of Niğde, Turkey, a province with about 345 thousands population in total, together with its districts and rural areas. However, the city of Niğde contains about 120 thousands people, which is a medium-sized city in this sense.

By the consumer protection law, the Consumer Problems Arbitration Committees (CPAC) are formed within the governorates in cities or district governorates in towns. The district populations in Niğde are much smaller than those in the city. Therefore most of the consumer complaints are already filled in the office of CPAC in the city. Hence the study were performed on empirical data obtained from here.

Theoretically the population included all the consumer complaints filled in the whole province but those applications already formed the most of the existing consumer cases there. Additionally the consumer complaints in the district CPAC data were not accesible for data gathering purposes due to several (e.g. bureaucratic) reasons. In spite of the intention to include all the relevant empirical data in all CPACs, this was not possible in practice. However it was found the opportunity to access a big chunk of data about the consumer complaints of the population under the study.

We had the opportunity to access 10.660 consumer complaints that covered the whole year of 2014 from the beginning to the end, which included the arbitral decree files in raw format. Since the raw data (the arbitration comitte decisions) were already in its own text form (determined by the committee), which means that the data format were not determined for the study's own purpose, it has had to be used the data form already available. The study has been performed based on the data obtained from such a collection, which is difficult to say that it met the needs as desired for such a study. However the study's being performed on a big population has made it adequately strong in representational aspect.

In representing the population a sample of 1394 elements was thought to be sufficient. In forming the sample it was used the random sampling method. It was produced 1394 random numbers in Excel and then it was selected the cases that correspond to each random number. In the next step those raw cases were processed and recorded in a certain format for the purpose of

analyses \*\*. In short the sample included 1394 cases of consumer complaints and the corresponding arbitrational decrees.

In data analysis it was used some descriptive, tabulation and graphical methods in addition to some hypothesis tests as were the most suitable ones for such a study, as much as the current data allowed.

### III. FINDINGS AND DISCUSSIONS

Some of the main characteristics of the sample under the study are as follows: Of the complainers, approximately 84% are males and 16% are females. Almost 90% live in Niğde city center; 1,1% in the districts; about 8% in small towns and about 1,5% in villages.

#### a. The Types of Companies Complained About

Of the total complainers, 93,5% complain from the banks. The complaints from the other type of companies are only 6,5% (Table 1). The main complaints from the banks are about the 'commission and folder charges'. Out of 1304 bank complaints, 1291 are about the same subject<sup>††</sup>, which correspond to 99% of the total bank complaints while the remaining 13 complaints are about the other subjects, *mostly the credit card membership fees* demanded by the banks.

**Table 1: The Type of Companies Complained About**

	Frequency	Percent
Bank	1304	93,5
Other	90	6,5
Total	1394	100,0

#### b. The Distribution of the Complaints among Banks

The analyses show that the commission and folder charges by the banks are the biggest complaint item. Those charges are the extra fees demanded by the banks when customers demand bank credits. In general those fees are applied in a fixed base or a certain rates of the credit sum in addition to the rates of interest applied by banks. The number of complaints about those charges show differences among banks (Table 2). This might probably be related to the market shares of the banks. However one point to worth noticing is that the number of complaints about the participation banks (as a bank type) are comparably lower than the deposit banks. Surely the market share of the participation banks are comparatively much lower than the deposit banks but the percent of complaints about this problem also looks lower. One of the possible reasons is that the participation banks operate in different formats in some ways but when they sell credit to their customers, they process it more or less in a similar way and also charge 'the commission and folder charges'. The difference can partially be explained by the customer bases of those banks.

\*\* This study has been performed on a data set that has been retrieved from the existing sources at the office of arbitration committee. In other words, that the collection purpose and format of the data set was not the same as that required for the study, which formed one of the basic limitations of it.

†† The complaints about 'the credit and folder charges' are based on a decision by the 13th Law Office of the Supreme Court (Case No: 2011/3576; Decision No. 2011/10221) that it ruled out that these charges were unfair because of having based on 'unfair condition' in contract, which was against the consumer protection law. Most of those complaints was made after that court decision. That is why, those high number of complaints about the commission and folder charges (being in the same subject) should be interpreted accordingly. Besides that, the remaining complaints should be taken as a more natural consumer behavior in applying to the committee.

**Table 2: The Distribution of the Complaints about the Commission and Folder Charges according to the Banks**

Bank Name*	Bank Type <sup>+</sup>	Ownership	Frequency	Percent
A	Deposit	State	234	18,1
B	Deposit	Private	211	16,3
C	Deposit	Private	127	9,8
D	Deposit	Private	122	9,5
E	Deposit	State	82	6,4
F	Deposit	Private	55	4,3
G	Deposit	Private	4	,3
H	Participation	Private	2	,2
I	Deposit	Private	1	,1
J	Deposit	Private	1	,1
Total			1291	100,0

\* The names of the banks are omitted because of commercial and legal reasons.

+ The participation banks are the institutions that operate on the interest-free base.

### c. The Consumer Complaints based on the Complaint Subjects

The distribution of the subjects of complaints is also noteworthy (Table 3). Apart from the commission and folder charge, which corresponds to almost 93% of the total complaints, the most frequently seen complaints are on the distanced sales, defective goods, credit card membership fees, door sales and objections to the invoice amount.

**Table 3: The Distribution of the Subjects of Complaints (When the Commission and Folder Charges – CFC - Included and Excluded)**

The Subject of Complaints	Frequency	Percent (CFC Included)	Percent (CFC Excluded)
Commission and Folder Charges	1291	92,6	
Distanced Sales	42	3,0	40,8
Defective Goods	32	2,3	31,1
Credit Card Membership Fees	11	,8	10,7
Door Sales	6	,4	5,8
Objections to the Invoice Amount	5	,4	4,9
Defective Services	2	,1	1,9
Subscriptions	2	,1	1,9
Campaigned Sales	1	,1	1,0
Pension Funds	1	,1	1,0
Timeshares	1	,1	1,0
Total (Included – Excluded)	1394 - 103	100,0	100,0

If taken those complaint subjects independent of the commission and folder charges, it is seen a considerably different distribution as in Table 3 (see the CFC Excluded column). The weights of the subjects of complaints are changed (increased) at large. The weights of ‘distanced sales’ and ‘defective goods’, these two items, sum up to almost 72% of the total complaints. These rates exceed 90% of the total complaints when taken the credit card membership fees together with the following two items. This table clearly shows the most of the consumer problems experienced (at least those that were made formal complaints about) in Niğde.



#### d. The Consumer Complaints based on the Product Types

Table 4 presents a more detailed picture of the consumer complaints based on the product types. Again, when the bank credits are included, it is seen that almost 93% of the complaints are about bank credits as the remaining only 7% are about many different product types. Besides bank credits; mobile phones, credit cards, shoes, insurance services, GSM services, education sets are the most apparent product types that consumers experienced problems and filed complains about<sup>††</sup>. Similarly, when the bank credits are excluded, 6 product types from mobile phones to education sets form about 63% of the total problems experienced. The remaining 37% of the consumer problems are related to many different product types but with smaller rates.

**Table 4: The Distribution of the Consumer Complaints based on the Product Types (When the Commission and Folder Charges – CFC - Included and Excluded)**

Product Types	Frequency	Percent (CFC Included)	Percent (CFC Excluded)
Bank Credits	1291	92,6	
Mobile Phones	25	1,8	24,3
Credit Cards	11	,8	10,7
Shoes	11	,8	10,7
Insurance	7	,5	6,8
Undefined	7	,5	6,8
GSM Services	6	,4	5,8
Education Sets	5	,4	4,9
Electronics	3	,2	2,9
Entertainment	3	,2	2,9
Legal Services	3	,2	2,9
Textile	3	,2	2,9
Home Appliances	2	,1	1,9
Kitchenware	2	,1	1,9
Cargo Services	1	,1	1,0
Computers	1	,1	1,0
Cosmetics	1	,1	1,0
Defective Goods	1	,1	1,0
Electrical Appliances	1	,1	1,0
Electrical Devices	1	,1	1,0
Electronic Appliances	1	,1	1,0
Financial Services	1	,1	1,0
Health Services	1	,1	1,0
Houseware	1	,1	1,0
Hunting Equipment	1	,1	1,0
Real Estate	1	,1	1,0
Toys	1	,1	1,0
Utilities	1	,1	1,0
Water Purifiers	1	,1	1,0
Total (Included – Excluded)	1394 – 103 <sup>†</sup>	100,0	100,0

<sup>†</sup>1304 – Total frequency for the CFC Included; 103 – Total frequency for the CFC Excluded

<sup>††</sup> It has been specifically mentioned about those product types having about 5% representation rate as a cut off value.

### e. The Consumer Complaints based on the Product Group

In terms of product group, a big majority of the complains (95,5%) are made about services as only a small percent (4,5%) is made about goods. But *when the bank credits are excluded*, the rates of consumer complaints are changed considerably to 61,2% about goods against 38,8% about services, *meaning that the consumers in Niğde have more problems with goods than with services* (The accompanying table is not shown due to space limitations.)

### f. The Sources of (Reason for) Consumer Complaints

Surely, one of the main concerns is about the sources of complaints. The complaint sources enlighten us about the reasons why consumers file complaints for the arbitration committees. The distribution of the reasons for consumer complaints is presented in Table 5.

**Table 5: The Distribution of the Reasons for Consumer Complaints (When the Commission and Folder Charges – CFC - Included and Excluded)**

Reason for Consumer Complaints	The CFC Included		The CFC Excluded	
	Frequency	Percent	Frequency	Percent
Unfair Condition in Contract	1295	92,9	5	4,9
Defective Goods	42	3,0	42	40,8
Suspicious Transaction	24	1,7	24	23,3
Withdrawal	11	,8	11	10,7
Unfair Charge	7	,5	7	6,8
Defective Services	3	,2	3	2,9
Repair Timeout	3	,2	3	2,9
Cancellation	2	,1	2	2,9
Causeless Payment Demand	2	,1	2	1,9
Commercial Credits	1	,1	1	1,9
Price Disagreement	1	,1	1	1,0
Repeated Payment	1	,1	1	1,0
Unclassified	1	,1	1	1,0
Warranty Disagreement	1	,1	1	1,0
Total	1394	100,0	103	100,0

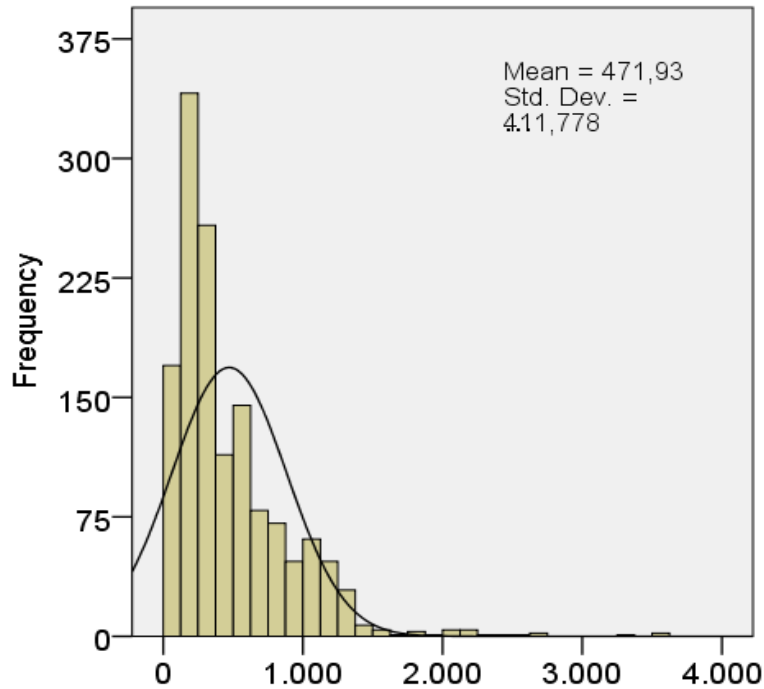
The analyses reveal that (when the CFC is included), the ‘unfair condition in contract’ (with consumers) looks as the major reason with its almost 93% for consumer complaints to the arbitration committees. All the remaining reasons (13 items) sum up to only the 7%. However, in case of the CFC exclusion, the unfair condition in contract forms only 5% of the whole complaints. In this case, defective goods take the biggest share with its about 41%, followed by suspicious transactions, withdrawal (from the transaction) (23%), and unfair charges by the goods’ sellers or services’ providers (about 7%), which all these five items constitute to 86,5% of all the reasons. The remaining 13,5% of the complaints are caused by the other reasons.

### g. The Amount of Consumer Complaints

The consumer protection law (Law No: 6502) puts some lower and upper limits for consumer applications. For instance, consumers first have to apply for the amounts below than a certain amount to the arbitration committees; otherwise, they can not go to consumer courts or can not demand execution proceeding directly. The arbitration committee decisions are binding for the parties for the amounts below the bottom limit. Similarly, they can not apply to an arbitration committee for the amounts higher than an upper limit. They first have to go to consumer court for such amounts. For the rest of it, they need to apply to the district arbitration committees for the amounts between 1.000 TL and 2.000 TL; to the province arbitration committees for the amounts

below 3.000 TL; to the district arbitration committees in the greater municipalities for the amounts between 2.000 TL and 3.000 TL<sup>§§</sup>. (However, it should be noted that the amounts are updated every year based on a revaluation rate determined by the government.<sup>\*\*\*</sup>)

At this point the average amount per complaint in the data set has been determined to be about 472 TL<sup>†††</sup> (Turkish Lira) (n=1394 and std. deviation = 412 TL), when the CFC is included. The high standart deviation refers to the high variation in the amounts claimed by the consumers in Niğde. Similarly the amounts claimed are not evenly distributed (see Graph 1), which is skewed to the right, meaning that the most of the amounts subject to complaints are gathered around the left half of the histogram, up to 500 TL, apart from some observations with comparably much higher values but their frequencies are slow.



**Graph1. The Histogram of the Amounts of Consumer Claims**

In the same frame the average amount of claims appears to be 466 TL (n=1291 and std. deviation = 369) for the CFC complaints but it increases to 540 TL (n=103 and std. deviation = 770 TL) for the out of CFC claims, indicating that the average claim per file is higher for out of CFC complaints.

In that specific point, whether or not the difference between the average values of complaints is statistically significant is probably a detailed but an important point. Therefore, H1 and the following alternative hypotheses go like these:

*H1: The difference between the average amounts of claims of the consumers to the arbitration committee for 'the commission and folder charges' and 'the other amounts [out of the commission and folder charges]' are statistically significant..*

According to the t-test statistics results, the null hypothesis can not be rejected, indicating that the mean difference is not statistically significant when 'equal variances not assumed' (sig. 2-

<sup>§§</sup> In order to clarify the issue, it should be pointed out that the \$/TL rate was about 2,15 TL on 16 June 2014. Therefore, roughly 1.000 TL = 465 \$; 2.000 TL = 930 \$; 3.000 TL = 1.395 \$.

<sup>\*\*\*</sup> For instance, the revaluated amounts determined for 2014 was about 1.272 TL for the bottom limit. The upper limits are also updated each year.

<sup>†††</sup> As of November -December 2015, it was roughly equivalent to 165 \$ (The \$ rate was fluctuating around 2,80- 2,90 TL).

tailed=0,337 and t value = -0,965; the assumption of equal variances is rejected at the level of sig.=0,000, where F=73,952 based on the Levene's Test). Therefore, based on these results it can be concluded that the average claim of consumers per complaint is about 472 TL.

*Similarly;*

*H2: The difference between the average amounts of claims made by male and female consumers to the arbitration committee are statistically significant (The commission and folder charges are excluded for a clearer picture.)*

The average amount of claims by male consumers is 617 TL (n=74 and std. deviation=835) and that by female consumers is 344 TL (n=29 and std. deviation=534). The t-test statistics results (t= 1,969 and sig. 2-tailed = 0,05) indicate that the null hypothesis is rejected at the level of sig.=0,05, pointing out the validity of the alternative hypothesis (H2) when 'equal variances not assumed.', in which case the assumption of equal variances is rejected based on the Levene's Test at the level of sig.=0,034, where F=4,628). In other words the difference between the average amounts of claims by male and female consumers are statistically significant. (Note that when CFCs are not excluded, there is no statistically significant difference between the average amount of claims by male and female consumers because banks' procedures and fees are more or less standart and/or do not change according to the sex of the customers.)

*H3: The difference between the average amounts of claims filed for goods and services are statistically significant*

The average amount of claims filed for goods is 673 TL (n=63 and std. deviation=892 TL) vs. 332 TL (n=40 and std. deviation=459 TL) for services. According to the t-test statistics, again the null hypothesis is rejected at the 0,05 significance level (t=2,550 and sig. 2-tailed=0,012) when 'equal variances not assumed', where the assumption of equal variances is rejected according to the Levene's Test at the sig. =0,000, where F=14,126).

*H4: The difference between the average amounts of claims filed by bank customers and other companies' customers are statistically significant*

The mean amount of claims (including all the other complains in addition to the credit and folder charges) by bank customers is 463 TL (n=1304 and std. deviation=369 TL) while that by other customers is 605 TL (n=90 and std. deviation=803 TL). According to the t-test statistics, the null hypothesis can not be rejected at the 0,05 significance level (t=-1,666 and sig. 2-tailed=0,099) when 'equal variances not assumed', where the assumption of equal variances is rejected according to the Levene's Test at the sig. =0,000, where F=91,148). Therefore, there is no statistically significant differences between the average amounts of banks' and other firms' customers' claims.

## **h. The Results of Consumer Complaints**

Despite the fact that the existence of, especially, government institutions for consumer protection is highly important, it is not sufficient alone to have such institutions. The more important issue is how those bodies approach to consumer rights and protection. At this point what is required more to judge how effectively consumers are protected and/or if they are able to use their existing rights is action rather than just the existence of abstract establishments. Otherwise, unfunctioning organizations would not be sufficient to protect consumers against more powerful and dominant companies.

**Table 6: The Decrees by the Arbitration Comitte for Consumer Problems in Niğde**

Results for Consumer Claims	Explanation	Frequency	Percent
Accepted	Approved in favour of the complainers	1386	99,4
Rejected	Disapproved / disfavored	1	,1
Unauthorized		7	,5
Total		1394	100,0

Table 6 presents the decisions made by the consumer problems arbitration committee. The statistics are fairly noteworthy. The arbitration committee accepted 99,4% of the complaints in favour of the complainers. It disfavoured and rejected only 1 file out of 1394 and decided that it is 'unauthorized' in 7 files.

Those figures are very neat in one sense but need to be explained in another sense. Almost all of the complainers are found justified with respect to their claims. This can be interpreted in three ways: i) The consumers who file complaint to the arbitration committee are those who strongly believe that they have just claims; thus, the committee just approves their claims. In this case we need to assume that the consumers who made complains are mostly combined of the people with right claims. Of course it would be risky and early to draw such a conclusion from the data set available. ii) The committee act in favor of consumers as a reason for its existence so as to protect their rights. This point of view looks more rationale compared to the first one however in spite of being an entity to protect consumer rights, ethically the committee is also required to act justly (as a referee) to deliver the justice among consumers and companies but such a behavior that puts all the favor on one side is not realistic. iii) A more rationale interpretation would be that those consumers who make complaints to the committee are combined of the people who know about their rights that they file in when they have consumer problem and think that they are right. Therefore, when the committee's favorable attitude is combined with the attitudes and behaviours of such conscious consumers groups, the forementioned results are obtained. In short, the results of the committee decisions are the product of the committee's attitudes and the conscious consumers' behaviours.

## SUMMARY AND CONCLUSION

This study has made an examination of the consumer problems experienced, the use of consumer rights, and the decisions of consumer problems arbitration committee. Although consumer rights are universal human rights accepted by many countries (including Turkey) and international institutions, it is not known adequately yet how they are applied in practice, what type of problems consumers experience, and how they use them. This study aimed at determining the types of problems experienced in the field by Turkish consumers, how they use consumer rights in practice (and of course, whether or not they use it sufficiently) when they have problems, what kind of outcomes they achieve when they apply to the corresponding authorities, and finally contributing to fill the existing gap in the literature regarding the consumer problems in the field, which is one of the areas where it is needed much more research.

In order to achieve the purposes of the study, the study has been performed on a data set (in form of decision texts) obtained from the office of consumer problems arbitration committee in one of the Central Anatolian provinces, Niğde, in Turkey. First, the data set has been processed in order to retrieve the available and usable data in the texts, then it has been analyzed accordingly.

A review of the current literature revealed that there were not sufficient research and publications on the consumer problems experienced in the field in Turkey despite the fact that academic studies regarding consumer rights (e.g. whether or not consumers were aware of consumer rights) went 35-40 years back from now. At this point it is needed more concentrated studies on consumer problems and how they are solved in practice. From this aspect, this study makes an important contribution to the field.

Toward the purpose of the study, the paper has presented some descriptive statistics in order to describe consumer problems, problem types, and problem areas. It then has presented the results of four different hypotheses developed for the purpose.

The results of analyses and hypotheses tests indicate that:

1 – The vast majority of the companies that consumers made complaints about were banks (93,5%) and the number of complaints about some banks were more than the others, which is probably something related to their market share in this specific case because the complaint subject were the same for all banks, the credit and folder charges. However, the least number of complaints were about the participation banks, of which working principles are rather different from the deposit banks.

2 – In terms of the complaint subject, again the banks had the lead with vast majority rate (the commission and folder charges, 92,6% plus the credit card membership fees, 0,8%). In case of excluding the biggest complaint subject, the most complained subjects were distanced sales (41%), defective goods (31+), credit card membership fees (11%), door sales (6%), and objections to the invoice amount (5%).

3 – Regarding the product types, the bank credits again takes the vast majority of the complaints (%92,6), followed by the mobile phones (roughly 2%), when the CFC included. If the CFC excluded, the mobile phones take the lead (24%), followed by the credit cards (11%), the shoes (11%), insurance (7%), GSM services (6%), education sets (5%) and undefined (7%).

4 – Regarding the product group, the vast majority of the complaints made about services (95,5%) as only a small percent of complaints made about goods (4,5%). However, when the bank credits are excluded, it was seen that 61% of the complaints made were about goods versus 39% about services.

5 – Regarding the reason (or source) of the complaints, the ‘unfair condition in contract’ had the lead (93%), followed by the defective goods (3%), suspicious transactions (1,7%), etc., when the CFC included. When the CFC excluded, the weights of reasons changed such as the defective goods (41%), the suspicious transactions (23%), the withdrawals (from the sales transaction) (11%), the unfair condition in contract (5%), followed by some other reasons with varying rates.

6 – The average amount subject to consumer complaints (claims) made to the arbitration committee were found to be about 472 TL (more or less equivalent to 165 \$). The hypothesis test of the mean difference between the CFC average and the out of CFC average of the claims indicated no statistically significant differences; thereby, pointing out that the average claims of consumers filed in were about 472 TL.

7 – However, the average amount of claims was found different for male and female consumers, males having higher claim amount of 617 TL vs. females having the amount of 344 TL. The hypothesis test approved that the difference was statistically significant.

8 – Similarly, the average amount of claims made for goods were found higher (673 TL) than that for services (332 TL). Again, the hypothesis test approved that the difference was statistically significant.

9 – Regarding the claims for the banks versus other companies, the average amount for other companies was found higher (605 TL) compared to that for the banks (463 TL). However, the hypothesis test did not approve that the difference in the means was statistically significant. In other words, the average amount of claims in the consumer complaints did not differ much for the banks and other companies.

10. And finally, the analyses indicated that the arbitration committee approved the vast majority of consumer complaints (99,4%) as ‘justified’ and accepted those demands.

In conclusion, the analyses of data obtained from the arbitration committees in one of the central provinces in Turkey shows that:

More than ten thousand complaints made in a year time to the office of arbitration committee in a province with a population of about 350 thousands in total (and the vast majority (90%) of those complaints came from the city center, of which population is about 110 thousands) indicate clearly that the consumers in Niğde are quite aware and conscious of their rights. They are

also very active in using those rights that the arbitration committee received around 9600 complaints only from the consumers in the city center. All these show that consumers know how to use their legally defined rights, are quite acknowledged about the mechanisms to use, and are very willing to use them.

### Implications for Future Research

Besides all these, although the study shed a great light on the subject, it is needed more studies about it to generalize the results, which is too early yet. Probably the repeat of the study in Niğde for another year and, of course, in some other cities as well would be very beneficial and, indeed, is needed.

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