

Consumer Protection Parameters in Automobile Workshops

Thimphu / February 2–6, 2026

Competition and Consumer Affairs Authority (CCAA)

1. Executive Overview

The Competition and Consumer Affairs Authority (CCAA) conducted a comprehensive inspection of 40 automobile workshops and spare parts establishments across Thimphu from February 2–6, 2026. This initiative was part of an enhanced consumer protection framework designed to assess transparency, accountability, and ethical business practices across the sector.

The inspection addressed four critical dimensions: price transparency and accuracy, after-sales service disclosure, complaint-handling mechanisms, and alignment with fair trade standards. The findings reveal a bifurcated compliance profile: while businesses demonstrate strong adherence to pricing transparency, significant gaps exist in the formalization of after-sales policies and grievance resolution systems.

Key Finding: Despite informal consumer-friendly practices, the near-universal absence of documented policies and complaint mechanisms represents a material gap in institutional consumer protection infrastructure.

2. Regulatory context and objectives

The automobile services sector carries heightened consumer protection significance due to its direct relationship with vehicle functionality and road safety. Transparent pricing, clear after-sales obligations, and accessible grievance mechanisms are foundational to responsible market conduct in this domain.

The inspection pursued three specific objectives:

1. Verify compliance with statutory pricing and receipt issuance requirements
2. Assess the transparency and accessibility of refund, return, and exchange policies
3. Evaluate the existence and operational effectiveness of in-house complaint-handling systems

3. Methodology

The inspection employed a structured assessment framework combining documentary review, on-site observation, and direct engagement with business representatives. For each entity, five

randomly selected products were cross-checked to verify price consistency, and purchase receipts were examined for accuracy and completeness. The physical premises were assessed for visible display of policy information, and business representatives were queried regarding complaint-handling procedures and dispute resolution practices.

This mixed-methods approach enabled both quantitative verification of compliance with statutory requirements and qualitative assessment of consumer-facing transparency and accessibility.

4. Key Findings

4.1 Price transparency and accuracy

Price compliance across the inspected establishments was uniformly strong. 100% (all 40) of the entities demonstrated consistent alignment between displayed and charged prices. Receipt issuance was systematic and accurate, with no discrepancies detected in the sampled transactions. This reflects mature pricing discipline and robust internal transactional controls within the sector.

Regulatory Assessment: The risk of price misrepresentation in the inspected sample is minimal. This finding indicates sector-wide understanding and respect for statutory pricing obligations.

4.2 After-Sales policies and disclosure

98% of inspected businesses verbally affirmed their willingness to accommodate returns and exchanges. The prevailing practice involves accepting returns within one week for local customers and up to one month for customers from distant locations, provided goods are returned in acceptable condition.

However, a critical compliance gap emerged: none of the 40 inspected entities had formally documented or prominently displayed these policies within their premises. While informal practices appear consumer-friendly, their lack of written formalization creates operational ambiguity and exposes both consumers and businesses to potential disputes.

Regulatory Assessment: Consumer protection transparency extends beyond goodwill - it requires documented disclosure to ensure predictability, fairness, and enforceability. Verbal commitments alone are insufficient to meet contemporary consumer protection standards.

4.3 Complaint-handling mechanisms

The inspection revealed a structural deficit in the sector's consumer protection architecture: no entity had established a formal, in-house complaint-handling mechanism. No complaint

registers, designated grievance officers, or visible escalation channels were identified during the inspection.

This absence creates cascading consequences. Without accessible internal resolution mechanisms, disputes are more likely to escalate directly to the regulator, increasing administrative burden and prolonging resolution timelines. Institutionalized complaint-handling represents a foundational element of responsible business conduct; its universal absence indicates that institutional accountability mechanisms remain underdeveloped despite strong transactional compliance.

5. Regulatory engagement during inspection

In parallel with compliance verification, CCAA officers used the inspection as an opportunity for capacity building. Business representatives were sensitized on the importance of formalizing consumer protection commitments and were provided guidance on institutional strengthening. Specific recommendations included:

- Documenting and prominently displaying refund, return, and exchange policies at point of sale,
- Establishing and maintaining a complaint register to systematically record grievances,
- Displaying clear contact details and escalation procedures for complaint resolution, and
- Designating a responsible staff member with authority and training to handle consumer grievances

6. Analytical Assessment

The inspection findings reveal a distinctive compliance pattern. Transactional compliance - the sphere of day-to-day commercial exchanges - is strong and reflects sector-wide adherence to pricing transparency and statutory receipt requirements. This suggests businesses understand and respect their obligations in immediate consumer interactions.

In contrast, systemic consumer protection mechanisms operating beyond the transaction itself remain largely absent. After-sales commitments persist as informal, undocumented practices, and complaint-handling systems are nonexistent across the board. This indicates a compliance culture that is transaction-focused rather than systems-based - one that prioritizes compliance in the immediate commercial moment but lacks institutional infrastructure for addressing post-transaction disputes or clarifying obligations.

Strengthening institutional consumer protection frameworks is therefore the critical next step. This will require moving beyond informal business practices to documented, standardized mechanisms that enable predictable dispute resolution and demonstrate organizational commitment to consumer welfare.

7. Recommendations

To consolidate gains in pricing compliance and remediate identified gaps in consumer protection mechanisms, the following measures are proposed:

- Encourage and support all businesses display of standardized refund, return, and exchange policies. CCAA should develop a model template to promote uniformity, clarity, and accessibility across the sector.
- Encourage businesses to maintain a basic complaint register and display grievance contact information prominently. This institutionalizes first-level dispute resolution, reduces unnecessary escalation to the regulator and demonstrates organizational responsiveness to consumer concerns.
- Implement phased compliance enforcement beginning with advisory notices, progressing to formal warnings, and escalating to administrative penalties for persistent non-compliance. This graduated approach provides reasonable time for operational adjustment while maintaining regulatory credibility.
- Adopt risk-based monitoring protocols in future inspections, prioritizing repeat non-compliant entities to optimize regulatory resource allocation and reinforce accountability.
- Launch complementary consumer awareness initiatives informing the public of their rights regarding policy disclosure and grievance redressal, thereby leveraging informed demand to strengthen market accountability.

8. Conclusion

The inspection of automobile workshops and spare parts businesses in Thimphu presents a nuanced regulatory picture. The sector demonstrates good compliance with pricing transparency requirements, reflecting mature understanding of transactional statutory obligations. However, this strength is offset by material deficiencies in formalized after-sales policies and complaint-handling infrastructure.

Consumer protection in the modern marketplace requires more than goodwill; it demands documented, accessible, and enforceable mechanisms for protecting consumer interests and resolving disputes. The transition from informal practices to standardized, institutionalized consumer protection frameworks should be the immediate regulatory priority.

Implementing the recommendations outlined in this report will strengthen institutional safeguards, enhance consumer trust, reduce disputes, and establish a foundation for sustainable, responsible business conduct within the automobile services sector.