11 January 2019

Dear Ms Greenwood

Thank you for your letter dated 11 December 2018 in which you request an update from me on Volkswagen Group UK’s recent activities on a number of issues including the actions relating to certain V6 vehicles and an update on the EA189 emissions issue. I respond to each of those issues in turn.

1. In 2017, following the German National Diesel Forum and the Federal Government’s attempts to improve air quality in German cities, the Volkswagen Group announced a free voluntary retrofit program for certain Euro 5 and Euro 6 diesel vehicles with V6 / V8 TDI engines. This retrofit program (which I described in my last letter) is designed to improve real driving emissions performance in cities at no cost to customers. It will be offered voluntarily in markets around the world (including, of course, in the UK), and it is estimated that a total of 850,000 vehicles worldwide will be eligible to receive the update.

These 850,000 vehicles have been examined by the German Federal Motor Transport Authority (KBA) and a small number made subject to an ordinance. In the UK, this currently affects approximately 55,278 Audi or Volkswagen vehicles.

Software updates for 28,535 of these vehicles have already been approved for release by the KBA, albeit that some updates have only been released very recently, and are in the process of implementation. Of those vehicles with updates available 10,749 have been implemented. For the other aforementioned vehicles, we are working hard to obtain the release of these software updates. It is envisaged that these updates will be approved early this year.

The V6 / V8 retrofit program is wholly unrelated to the EA189 diesel emissions issue (described below). The “Trust Building Measure” for EA189 vehicles was implemented as a global communication which had the potential to apply to vehicles and components affected by the separate and different EA189 emissions issue in order to increase the uptake of that service action by reassuring affected EA189 customers in respect of unsubstantiated but public concerns. Of course, in the UK we have had, and continue to have, longstanding goodwill programmes that are designed to encourage customer satisfaction.
Let me reassure you that our usual goodwill policies will apply to the V6 / V8 issue and we, as always, carefully investigate any complaints that arise. Further, the software update for the V6 / V8 TDI vehicles has been designed in order to maintain fuel consumption figures, CO2 emission figures, engine output, maximum torque levels and noise emission levels. For those updates that have already been approved, the KBA has confirmed that all vehicle figures relevant for type approval remain valid.

2. With regard to the EA189 diesel emissions issue there are 1,207,152 affected vehicles in the UK. As of 1 January 2019, 100,158 vehicles have either been scrapped, stolen, exported or the registered keeper has written to us expressly declining the technical measures. Of those remaining vehicles we have implemented the technical measures in 871,887 Škoda, SEAT, Audi and Volkswagen vehicles affected by the issue. This remains the highest return in Europe outside Germany. Multiple contact letters have been sent in relation to the remaining vehicles. The ultimate decision remains with the registered keeper of the vehicle. That said we will continue to offer the service action to our customers in 2019.

3. Your letter states that the Committee receives “regular reports from owners” who claim that the technical measures have impaired the performance of their vehicle. As discussed in my last letter, it is important to bear in mind that the technical measures have been implemented in nearly 7.5 million vehicles across Europe and as noted above, in over 870,000 vehicles in the UK. The vast majority of customers have been satisfied and have reported no problems with the technical measures whatsoever.

As to the updated figures from our letter of 30 November 2017, our dedicated Customer Services Centre team have handled 28,617 cases for customers (many of whom will have raised more than one complaint) who have complained of an apparent issue (irrespective of its validity) following the technical measures. It is important to reiterate that those cases will include a diverse range of customer issues, some of which relate to purely subjective impressions of the vehicle, with many such complaints following articles reported in the UK media or prompted by template mailings by action groups or pursuant to the ongoing litigation you will be aware of. As at today, there are 100 of these cases that remain open and under investigation, the rest having been investigated fully with no further action required.
Ultimately, it is our aim as a consumer focused business to ensure customer satisfaction and as such, a large number of actions have been taken to ensure customers remain content with their vehicles (regardless as to whether their concern has any alleged connection to the technical measures). The resolutions for customers who have raised complaints are varied and depend on the individual circumstances. That said, as above, the actions we have taken include goodwill to reinforce customer loyalty irrespective of the issue raised, mobility support and providing mobile options for the implementation of the technical measures at a location convenient to the customer. We take all individual customer complaints seriously and decide on any goodwill payment on its own merits to try to satisfy the customer. As explained in our previous letter, the basis on which Volkswagen Group UK provides individual and discretionary goodwill to its customers in order to increase customer satisfaction is of the upmost commercial sensitivity. Providing specific information of the detail would result in the public disclosure of competitively sensitive information.

Any analysis of alleged systemic issues with the technical measures needs to be taken in the context of an aging vehicle population in which minor wear and tear damage is inherently liable to increase over time. We continue to monitor customer feedback to assess this, especially for the nearly 7.5 million affected EA189 customers who have had the technical measures implemented.

4. Since June 2017, 3,614 customers have contacted the Volkswagen Group UK to seek a refund of the costs they have paid for repair work to their vehicles.

Volkswagen Group UK has dealt with each request on an individual basis and, in line with our usual approach to issues of dissatisfaction and goodwill, has issued 3,453 cheques to customers since July 2017 as a gesture of goodwill in line with our aim of strengthening customer satisfaction.

As you are aware, the Trust Building Measure was announced in order to increase the uptake of the service action for EA189 vehicles. Given the customer take up rate and the fact that the UK remains the highest return in Europe outside Germany, we are satisfied that our approach in the UK of seeking to ensure customer satisfaction wherever possible has had the desired effect.
I very much hope that this further information is of assistance to the Committee.

Yours faithfully

[Signature]

Paul Willis
Managing Director
Volkswagen Group United Kingdom Limited