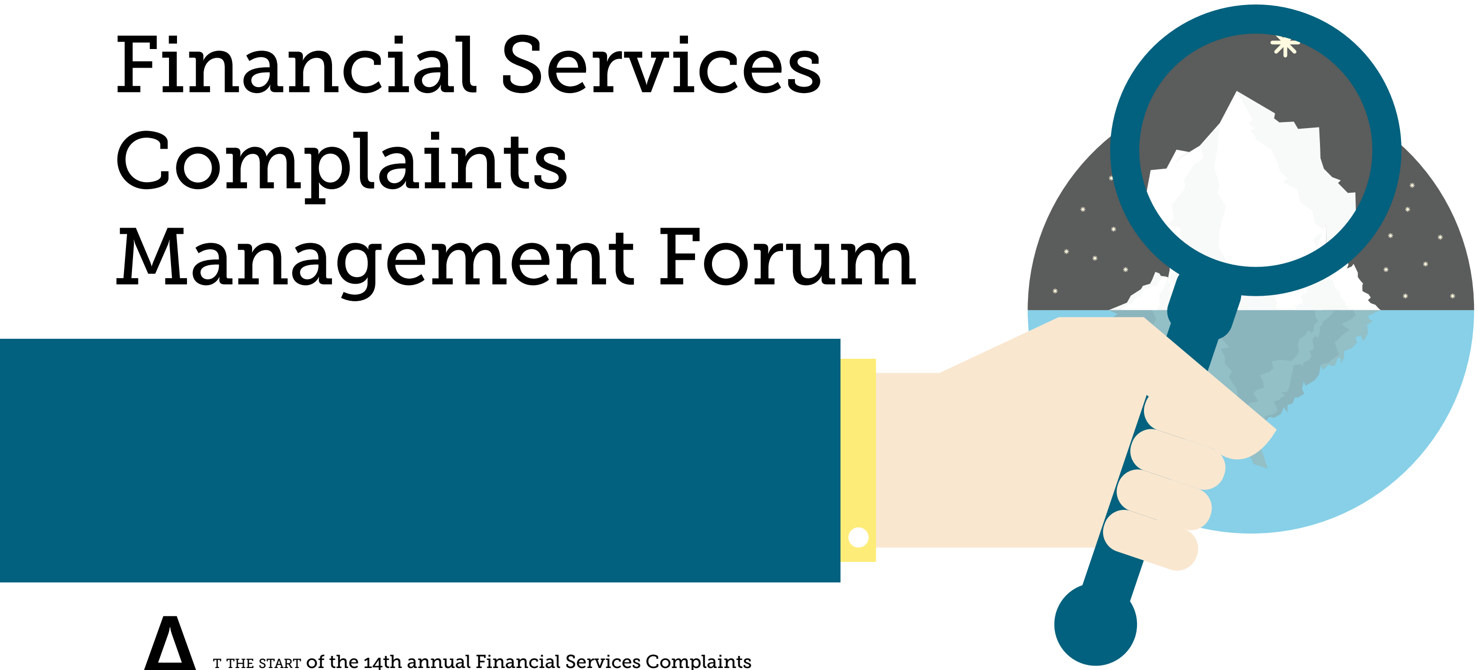
Financial Services Complaints Management Forum



At the start of the 14th annual Financial Services Complaints Management Forum the FCA provided an update on their complaints reporting requirements, which will be implemented in June 2016.

These are the main points:

- An extension of the 'next business day rule', where firms are permitted to handle complaints less formally, without sending a final response letter, to the close of three business days after the date of receipt.
- A requirement to report all complaints, including those handled by the close of three business days. (Previously there was no requirement to report those handled informally under the 'next business day rule').
- A requirement for financial services companies to raise consumer awareness of the Ombudsman service, by sending the 'summary resolution communication' to complaints handled less formally under the 'three business days rule' as well as to the more serious complaints whose resolution took longer. This explains to consumers how to appeal to the Ombudsman if they are not satisfied with the outcome of their complaint.
- New rules limiting the cost of calls consumers make to firms to a maximum 'basic rate', including all post-contractual calls and all complaints calls.

The panel discussion around putting the FCA's thematic review into practice shared some practical insights for businesses:

- Those on the panel (Barclays, Lloyds and Santander) mentioned they had found it valuable to carry out scenario testing internally – i.e. to test that complaint handling personnel would approach the same case in the same way, so that they know they are delivering outcomes consistently.
- More guidance on the definition of a complaint would be welcomed. It seemed the case that most companies were recording all expressions of dissatisfaction as complaints (rather than just those that involve a material loss) due to the ease of delivering this message to frontline staff.
- Those on the panel mentioned they had greatly reduced and simplified the complaint categories recorded – and this was beneficial in producing more insightful root cause data.

Stephen Hampshire from TLF talked about the fact that the focus on compliance and the avoidance of risk has meant that companies are unlikely to deliver good customer service. This was echoed in the FCA paper and the Swiss Re case study later presented.

He reminded us that customer complaints are only the tip of the iceberg and that not all customers who experienced a problem will make a complaint. Typically, between 1 in 4 and 1 in 5 will not make a complaint. This highlights the importance of pre-empting complaints by understanding the causes of complaints from those who do complain and making changes to alleviate this. It is also critical that it is made easy for customers to complain.

He also talked about the importance of culture and empowering staff to deliver good customer service, with the ultimate focus being on the customer rather than compliance, as summarised in the Best Practice Complaints Model.

Roger Binks from RSA talked about predictive analytics and how RSA had used their existing data to predict future behaviour and trends. He gave some examples they had found using their home claims data where customers who called more than twice had a 70% chance of later making a complaint. Also, for storm and flood claims specifically, where the claim had been open for 6 weeks and there had been no proactive contact from RSA, there was an 80% chance of that customer making a complaint. RSA then used this data to change their process and introduced outbound calls within this period which reduced the number of complaints logged.

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