



Dermot Nolan
Chief Executive
Ofgem

24 October 2014

Dear Dermot

Customer satisfaction with E.ON's complaints handling

Thank you for your open letter of 26 September and for the insights provided in the GfK research.

We continue to focus on complaints and be open about our performance. You will recall that we were the first in the industry to publish our complaints data on a voluntary basis.

The research relates to complaints recorded in December 2013 and we believe that we have made significant progress since then. For example, Which? recently awarded us '3 stars' for our complaints handling process and we also expect to see an improvement of our position in a forthcoming independent league table examining the topic. Significantly our own internal, but independent, research also shows progress.

In this letter we explain how we are transforming our complaints handling approach and the benefits of this in meeting customers' concerns and then the further steps we intend to take, in particular to meet the issues raised by the GfK research.

We have changed our approach to complaints

Following the publication of the Harris report in 2012 commissioned by Ofgem and our own qualitative research into what customers wanted, we appointed a Head of Customer Complaints Resolution to lead a company-wide transformation programme. We have made major investments in all aspects of improving our approach to complaints handling through new policies, organisation design, working practices, people training and system development.

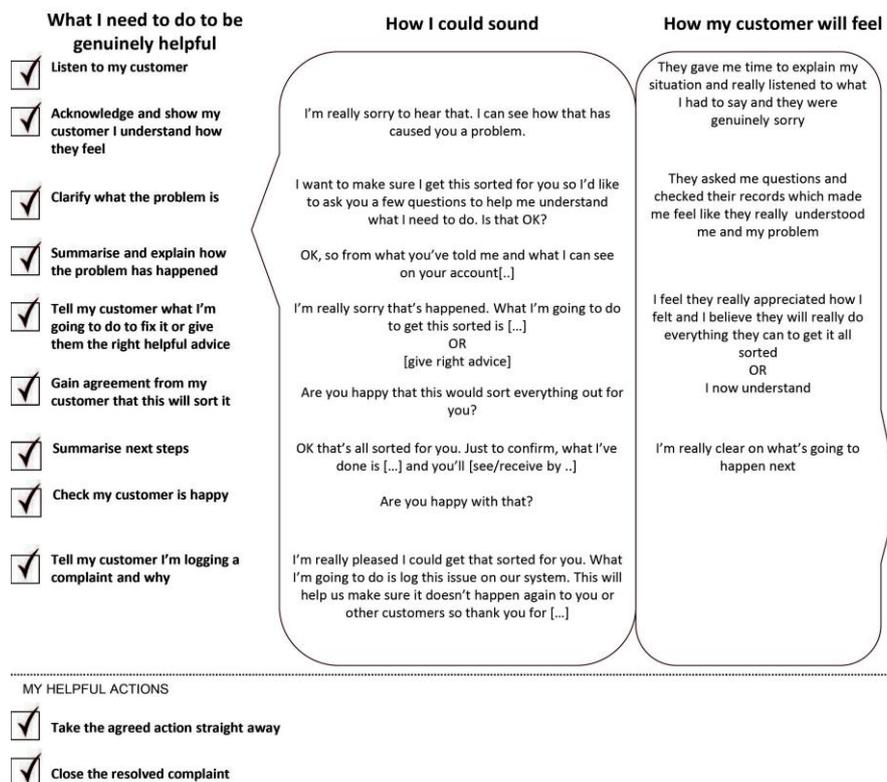
Over the last 18 months we have streamlined our way of working, which we call 'Handle with Care', and applied a uniform approach across our residential and business operations:

- If a complaint cannot be resolved by our front line advisor, the customer is connected to a dedicated Resolution Manager who will take ownership of the complaint until it is resolved;
- If the proposed resolution does not satisfy the customer, the complaint is escalated to a Resolution Reviewer for an impartial re-assessment. If the complaint can still not be

resolved, the Resolution Reviewer provides the customer with support and information to take their case to the Ombudsman;

- Our colleagues have guides to provide customers with a ‘Handle with Care’ experience;

An example from our 'Handle with Care' guides.



- ‘Handle with Care’ has been progressively rolled-out and is now operational in over 90% of our business.

The programme is delivering results

We have trained more than 4,000 colleagues on the new way of working and provided them with guides built around taking ownership of complaints, communicating clearly to our customers the next steps, confirming a resolution, and reducing the time to reach a fair and positive resolution.

We believe ‘Handle with Care’ is helping us tackle a number of the issues raised by the GfK research:

- Clear roles and responsibilities and a simple rule of resolution at first point of contact where possible or progression to a Resolution Manager result into our staff having increased ownership of complaints;
- Escalation to a Resolution Reviewer for an impartial re-assessment of the case increases empowerment and proactive resolution;

- The clearer, simpler process and the expertise of our dedicated resources are expected to increase the speed of resolution, reduce errors and improve the communication of next steps to our customers;
- Live transfer of calls to Resolution Managers and Reviewers provides a better customer experience;
- Support for customers who choose to go to the Ombudsman, after we have actively managed their issue, and explored a number of options with them.

We are encouraged by a number of developments:

- In October 2014 Which? customer service survey awarded us 3 stars for the category 'resolving complaints';
- More than half of our customers who take their case to the Ombudsman do so with a letter from us describing the resolution proposed as opposed to complaints simply being 8 weeks old.

In addition, independent research we commissioned for residential customers, in response to your letter, shows several significant improvements made between December 2013 and July 2014:

- A reduction in the resolution gap from 49% to 39% (we think complaint is resolved but customer does not);
- An increase in the proportion of customers who say we treated them fairly from 32% to 43%;
- We have improved net satisfaction in 12 out of 14 aspects of complaints handling, with an improvement of 10% and above for the following drivers: Ease of finding the correct person to contact (+14%), Feeling of someone taking ownership (+13%), Taking a proactive approach (+11%), Clearly informing you of next steps (+11%), Their attitude towards dealing with your complaint (+11%), Provided you with further contact details (+11%);
- Overall, an increase in the proportion of customers satisfied with the way we handled their complaint from 36% to 42%.

There is an opportunity for us to do more

The above developments are encouraging and we absolutely recognise that there is scope to go further. This coming year is crucial as we complete the roll-out of 'Handle with Care' and we embed the new way of working. An accreditation programme for our customer facing colleagues on recognising, recording and managing complaints has been recently introduced and it will help us to embed the change.

The GfK report has showed us the importance of quantitative research on customer views about our complaints handling as well as the research we have done on customers' priorities, which has underpinned the development of 'Handle with Care'.

We plan to do more research to help gather insights on why customers' views and ours don't align (resolution gap), allowing us to identify ways to reduce the gap further. We also expect to get a

deeper understanding as to why individual customers are dissatisfied or feel we have treated them unfairly.

We believe the introduction of 'Handle with Care', with its simple progression to a Resolution Manager, means that we are better able to handle complex complaints. We are also continuing to improve our monitoring system to allow us to better compare differences in outcome, in terms of customer satisfaction, between teams to ensure consistency.

Additionally, we are examining options to ensure we are clearer when we believe that a complaint resolved at initial contact is closed. This could include giving written confirmation to customers, subject to their contact preferences.

These plans are of course subject to the findings of the independent review we have commissioned and the consideration.

The independent research we commissioned following the publication of the GfK report has been for residential customers. We are also exploring options as to how we can best expand this approach to our SME customers.

In summary

We continue to take complaints very seriously. The GfK insights and our own show that there is an opportunity to do even more. As I hope you recognise, we are on a journey to improve our complaints handling. I trust that our response reassures you that we continue to focus on this area.

We fully agree that it is in our interest to handle complaints well and to use the lessons that can be learned to help us further improve things for our customers. This is a key part of our existing business strategy and a message that we continually reinforce to all our colleagues.

The real check of course is our customers' view. We continue to listen to our customers both in terms of day to day activities and also through our own research such as our customer listening sessions.

We will publish this letter on our web-site [<http://eonenergy.com/customerservice>]. We will also use the details of this letter with our Customer Panel (on-line research community), to invite further comment from customers.

Yours sincerely

Tony Cocker
Chief Executive Officer