

Consumer First

- Complaints Handling Research summary

Background

The Complaints Handling Standards, set by Ofgem, were published on 1 July and came into force on 1 October 2008. They apply to complaints from domestic consumers and micro-businesses to gas and electricity supply companies and also to network companies (gas transporters and electricity distributors). The standards are designed to provide effective protection for customers and comprise a number of key requirements to which suppliers and network companies must adhere to when a customer makes a complaint.

Ofgem commissioned Harris Interactive to conduct research¹ with customers to:

- gauge customers satisfaction with the six main energy suppliers' complaints handling process;
- identify whether the experiences of customers indicate that gas and electricity suppliers are dealing with their complaints in accordance with the complaints handling standards;
- identify areas of good practice in the application of the complaints handling standards; and
- identify areas of weakness in suppliers' complaints handling processes in order to identify areas where improvements need to be made.

A total of 3,016 telephone interviews were conducted with domestic and micro-business² customers who made a complaint³ to their energy supplier during December 2008. A full explanation of the methodology used and weighting can be found on page two and three of the report.

¹The research report can be found here: <http://www.ofgem.gov.uk/Markets/RetMkts/Compl/ConsRep/Documents1/ComplaintsSurveyReportMay09.pdf>

²Government has defined micro business as: an annual consumption of electricity of not more than 55,000kWh; or an annual consumption of gas of not more than 200,000kWh; or fewer than the equivalent of ten full time employees and an annual turnover or annual balance sheet total not exceeding £2 million.

³The nature and status of all complaints referred to in this summary relates to the customers' own definition and recollection of their complaint and not the suppliers definition. Customers who could not recall making the complaint, or who were unfamiliar with the details of the complaint and/or the process were excluded from the research.

What the research found

Complaints handling process

The research found that less than one in four customers were satisfied with the way complaints were dealt with. Consumers were particularly unhappy with the number of times they had to contact the supplier, suppliers who promised to call back but didn't, the attitude of some staff and the fact that suppliers often viewed the problem as resolved when in the customer's eyes it was not.

It is in suppliers' best interests to ensure that the service they provide is of a high standard: 15 per cent of domestic customers who complained had either changed or were going to change their supplier. The results of the research are clearly an opportunity for suppliers to raise the bar to retain existing and attract new customers, Ofgem expects to see improvements when looking at the issue again next year.

Across all complaints, satisfaction was higher for the initial stages of the complaints handling process (receiving and initially handling the complaint) and lower for the latter stages (taking action, informing customers of next steps and calling back as/when promised). Suppliers' performance was highest in terms of the professionalism and attitude of their staff as well as the ease of registering the complaint. There was much lower satisfaction with their ability to take ownership of a complaint and proactively finding a resolution.

Among all suppliers, SSE performed the strongest for both telephone and written complaints whilst E.ON and Scottish Power had some, relative, strengths for telephone complaints. npower and EDF Energy performed poorly for both telephone and written complaints as a whole.

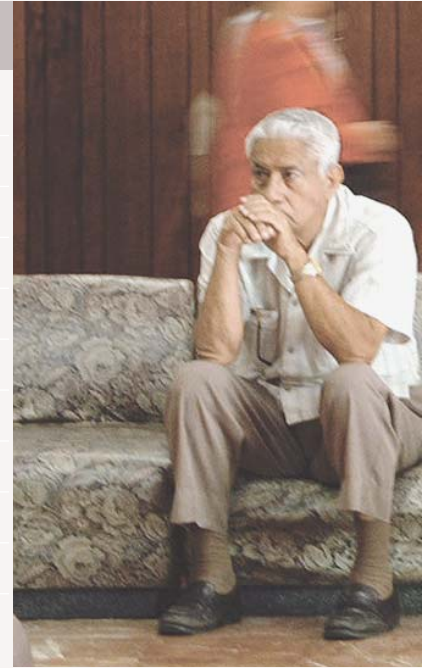
Complaints handling process continued

As with the majority of the individual elements of the complaints handling process, the majority of customers (both domestic and micro-businesses) were dissatisfied with their experience of the overall process. 46 per cent of domestic customers and 57 per cent of micro-businesses were 'very' dissatisfied. Micro-business customers tended to consider

their complaints to be more serious than domestic customers and were more likely to pursue a resolution to their complaint. This took the form of contacting the supplier directly but also taking action with other organisations such as the Energy Ombudsman.

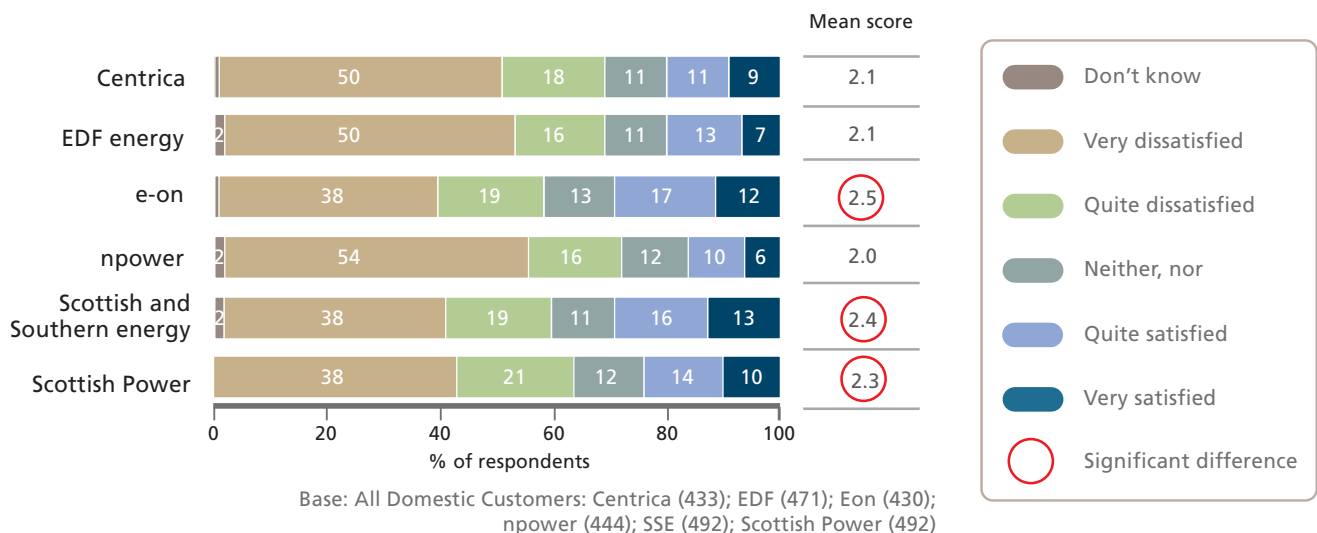
Table 1 – Reasons for dissatisfaction with the complaints handling procedure overall

% of respondents answering	Domestic customers	Micro-business
Base:	1,726	218
Unresolved / Not dealt with	22	24
Process took too long	18	17
Staff unhelpful / bad attitude	16	12
Lack of / Poor communication	14	17
Poor customer service	10	8
Generally unhappy / dissatisfied	9	6
Unhappy with (proposed) resolution	7	9
Information unsatisfactory / wrong	7	6
Do not listen / not interested	6	7
Customer has to chase / contact	5	1



By supplier, **satisfaction was highest** among E.ON, SSE and ScottishPower, however still less than a third were satisfied (29 per cent, 29 per cent and 24 per cent respectively).

Chart 1 – Overall Satisfaction by Supplier



Those customers who considered that their complaint had been resolved by their supplier were significantly more likely to view the process in a favourable light than customers who considered that their complaint remained unresolved. Whilst it is not always possible to find a solution which is satisfactory to

each customer, those energy suppliers who offer a complaints handling process that is customer friendly i.e. is prompt, professional, offers understanding and keeps customers informed at all stages, have a greater prospect that the customer will be satisfied with the overall process.

Complaints Resolution

Within the domestic market, the proportion of complaints which the customer considered resolved was relatively similar by supplier. However, Centrica and E.ON were significantly more likely to resolve the complaint on the first contact whilst other suppliers were more likely to resolve on subsequent contact.

For both domestic and micro-business customer complaints, less than half of all complaints classified as being resolved by the supplier were actually considered by the individual customer to have been resolved – 42 per cent for domestic and 46 per cent for micro-business customers. To avoid uncertainty between supplier and customer definitions of resolved complaints, the research focused solely on the customers' opinion of whether or not their complaint was resolved.

57 per cent of domestic customer complaints were resolved by the supplier and only 1 per cent of complaints were

referred to and resolved by the Ombudsman. However, 36 per cent of domestic customer complaints were not resolved and in 6 per cent of cases the customer was unsure of the current status of their complaint.

Among micro-business customers, sales complaints were the most likely to be resolved on the first contact however only one in ten were resolved first time. None of the 14 micro-business debt complaints were resolved on the first contact.

The proportion of complaints that were resolved on the initial contact with the supplier can be seen in table 2.

Table 2 – Complaints resolution on first contact by nature of complaint

% resolved first contact	Micro-business	Domestic Customers	Centrica	EDF Energy	E.ON UK	RWE npower	SSE	Scottish Power
Billing	4	10	16*	7	14*	3	18*	5
Sales	10	13	9	17	22*	10	12	8
Transfers	5	10	26*	9	5	8	6	8
Meters	4	9	16	8	21*	2	8	5
Prices	7	21*	29*	16	34*	8	24*	12
Debt	0	8	-	-	-	-	-	-

* Significant difference

- Base too low for analysis

Satisfaction with the need for additional contact and information provided

44 per cent of domestic and 46 per cent of micro-business customers required contact with their supplier on more than one occasion before their complaint was resolved.

For both customer groups, slightly over half of customers were 'very' dissatisfied with the fact that they required additional contact and a further fifth were 'quite' dissatisfied.

Although a requirement of the complaints handling standards, only one in ten customers recalled being offered a

copy of their suppliers' Complaints Handling Procedure, either as a free copy or by being directed to the suppliers' website.

With regards to re-contacting the supplier, 43 per cent of domestic customers were provided with no information with which to re-contact their supplier.

The most common information to be provided was a telephone number (31 per cent), a reference number (30 per cent) and a named contact (30 per cent).

(Continue overleaf)

Satisfaction with the need for additional contact and information provided continued

npower again stands out from the rest, being significantly more likely to provide customers with a telephone number (45 per cent), a reference number (59 per cent) and contact hours (20 per cent) to use when re-contacting.

73 per cent of domestic customers who had additional contact with their supplier to resolve their complaint had their contact details recorded and 60 per cent said the supplier had a record of the complaint. However, only half claimed that the supplier held a full and correct record of the complaint.

Referral of complaints to Energy Ombudsman/ unresolved by Supplier



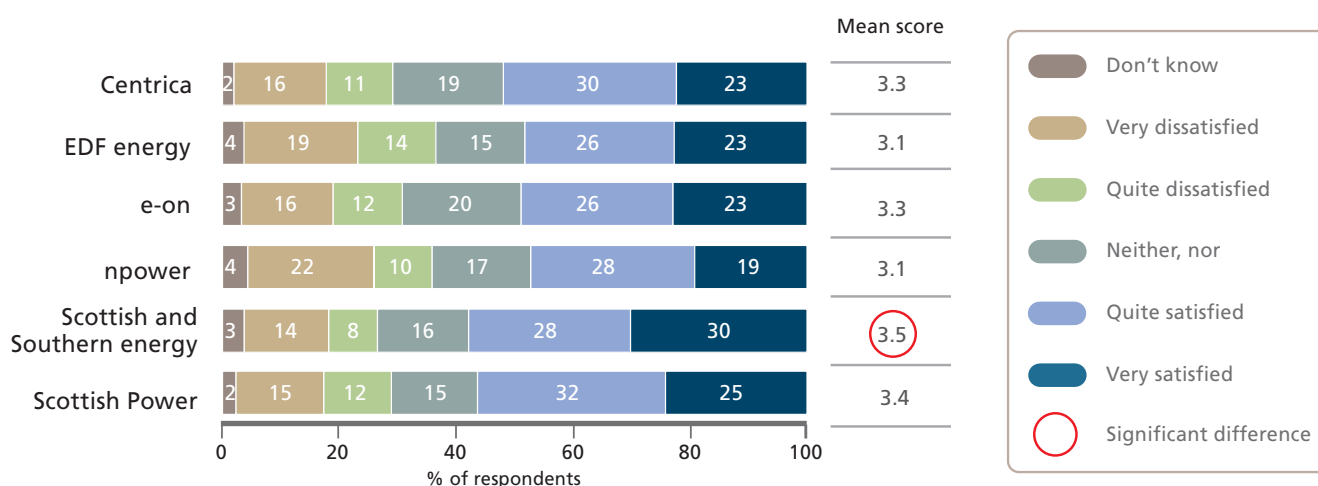
37 per cent of domestic customers' complaints and 45 per cent of micro-business customers' complaints were not resolved by their supplier. Although there were no differences between domestic and micro-business customers in terms of the further actions taken by suppliers, micro-business customers were more likely to pursue further action themselves. 27 per cent contacted the Energy Ombudsman themselves and 16 per cent pursued another course of action.

Resolution of complaints

Although **satisfaction** with the different elements and the process overall was **low**, **customers who considered their complaint resolved** were **more positive** about the resolution that they had received.

52 per cent of domestic customers and 58 per cent of micro-business customers who considered their complaint to have been resolved claimed to be satisfied with the resolution. In both cases however, around a quarter of customers remained dissatisfied.

Chart 2 – Overall satisfaction with complaints resolution by supplier



Conclusion

The results of the research are an opportunity for suppliers to raise the bar to retain existing and attract new customers. Ofgem's Chief Executive has written to all the main suppliers asking them to tell us how they plan to take account of this research and Ofgem's audit findings in improvements to their complaints handling.

The full Harris Interactive research report can be found on our website: <http://www.ofgem.gov.uk/Markets/RetMkts/Compl/ConsRep/Documents1/ComplaintsSurveyReportMay09.pdf>

For further information contact consumer.first@ofgem.gov.uk