

24th October 2014

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Dear Mr Nolan

Customer satisfaction with suppliers' complaints handling

Thank you for your letter dated 26th September, addressed to Chris Weston, summarising the results of your latest consumer research report into customers' satisfaction with suppliers' complaints handling.

I welcome feedback relating to both the level of our customer service and the overall experience we provide to our customers. With this in mind, I am disappointed to have seen a decline in our scores from the previous Ofgem report in 2012.

At British Gas, one of our key strategic priorities is to 'Deliver Great Service'. We therefore take the results of this report extremely seriously, as we do with all expressions of dissatisfaction made by our customers.

The research specifically examined customers' perceptions of the way their complaint had been handled. The period covered by the report (December 2013) proved to be a particularly challenging time for British Gas and the wider supplier market, as it followed, (i) the implementation of the product and pricing changes required by Ofgem's Retail Market Review, (ii) a price increase and, (iii) unprecedented levels of negative media attention which fuelled customer distrust with the sector. The first two are particularly relevant, as for these types of complaints, being able to resolve the complaint to the customer's satisfaction is particularly difficult.

However, complaints clearly illustrate areas of underlying customer dissatisfaction and I would like to take this opportunity to highlight some of the key improvement activities for complaints that we've delivered during 2014.

For example, in British Gas Residential Energy, we have:

- invested an extra £5m in additional Customer Advisors to meet unforeseeable peaks in call volumes;
- invested on average 8 hours' training per month per Customer Service Advisor on core process and service skills;
- rolled out our complaint training to more than 5k (97%) of our Customer Service colleagues;
- continued to work on our major transformation initiatives for Direct Debit and Homemove, our two most problematic customer experiences;

- committed to invest a further £0.5m to double the size of our complaints Root Cause Analysis Team, and
- established new complaint contact channels including Webchat and social media.

In British Gas Business, we have:

- achieved a 20% reduction year to date in business customer complaints compared to 2013, while migrating our business customers to a new billing platform.

Across both businesses, we have continued with our organisational moves to create Complaints Centres of Excellence in our Leeds and Leicester sites.

Our improvement plans continue into 2015 and we would be happy to share further details and updates with you.

As requested in your letter, we will undertake an independent audit of our complaints handling. This will be conducted by Deloitte and we will publish the findings by 28 November. The audit will focus on the processes for how we determine whether a complaint has been resolved to the customer's satisfaction and how we communicate with customers to ensure that they have a clear understanding of the status of their complaint.

I hope that this response gives you, and our customers, the assurance that we are taking complaints seriously and are committed to delivering great service to all of our customers.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ian Peters', with a stylized flourish at the end.

Ian Peters