

Mr Dermot Nolan  
Chief Executive  
Ofgem  
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23 October 2014

Dear Dermot

**Open letter – npower – customer satisfaction with suppliers' complaint handling**

I write in response to your letter dated 26<sup>th</sup> September and welcome this opportunity to publicly respond to the issues you raise. I want all npower customers to have confidence in us as their energy supplier and so it was with concern that I noted that your survey identified instances where we may have fallen short of meeting their expectations in how we handle complaints. In this letter, I will address the issues you have raised – as well as share some of the improvements we have been making.

**Number of domestic complaints**

Following the installation of a new billing system, we saw some technical issues, which resulted in a higher than usual number of complaints from affected customers. We focussed all of our efforts in resolving these problems - including rectifying the IT issues and deploying additional people. I am pleased to report that these actions have helped reduce the number of complaints we have received in 2014.

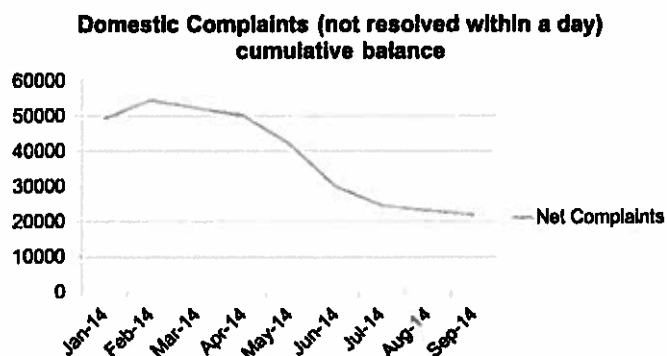
Total complaints received	Q1 – 450,178 Q2 – 368,410 Q3 – 326,139
Complaints received per 100,000 customers	Q1 – 8,303 Q2 – 6,890 Q3 – 6,258
Total complaints resolved	Q1 – 446,606 Q2 – 399,424 Q3 – 341,946
Complaints resolved per 100,000 customers	Q1 – 8,237 Q2 – 7,470 Q3 – 6,561
<i>Resolved within 1 working day</i>	Q1 – 86.12% Q2 – 81.43% Q3 – 84.95%
Resolved within 8 weeks	Q1 – 94.13% Q2 – 94.43% Q3 – 97.19%

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We believe the most important measure is how many complaints are outstanding after 24 hours – or 'net complaints'. The following graph illustrates a 60% reduction since February this year in net complaints.



Your survey highlighted the importance of treating customers 'as an individual'. We offer a choice of channels for customers to contact us. We also handle complaints using a more personalised approach already incorporating further skills into our specialist complaints teams with plans to roll this out further across our Customer Service teams.

We want to keep our customers up to date on how we are improving so we publish our progress on reducing complaints – including Ombudsman cases - on [npower.com](http://npower.com). We also outline our complaints process on our website. Any customer whose complaint has not been resolved within 24 hours is signposted to this.

In your report, you stated that 38% of complaints are about billing, whereas earlier this year, over 70% of our complaints were billing related. We recently announced that we had reduced the number of late invoices from 527k (equating to 340K customers) in mid-May to under 100K (equating to c.63k customers). This will significantly reduce the number of complaints we receive. We also saw issues with our transfer process (which had the second highest proportion of complaints in your survey). I am pleased to report that these issues have been resolved so we will also see significant reductions in this category.

### **Key improvements and changes**

Since your February survey, we have focused on addressing the issues raised and delivering significant changes across npower to improve how we look after our customers. We have a number of initiatives in place to do this.

#### **1. Customer Transformation Programme (CTP)**

This programme, which began in 2012, focuses on the entire customer journey. It allows us to identify and address the six areas which drive customer complaints, which we have named 'I join', 'I move', 'I pay', 'I enquire', 'I leave' and 'my terms change'.



Segmenting these areas has meant that we can quickly and efficiently make changes to our processes. For example:

- We now have a dedicated team to support customers who may have experienced a delay in receiving a bill.
- We have introduced a dedicated Bereavement Services Team to support customers who are going through a particularly difficult time. To date, we have seen a 60% drop in complaints in this area.
- We now have senior advisors in our key customer service areas who can offer support to our front line advisors in resolving a complaint during the first contact with a customer. They also offer one to one coaching and the role is allocated to a single team of advisors which improves our ability to resolve more complex queries while the customer is on the telephone.

## 2. New Way of Working (NWOW)

This programme is key to successfully delivering our Customer Transformation Programme as it transforms the way we work using proven methodology. The programme has been introduced across our operational areas with specific focus on:

- Voice Of The Customer – so our customers are at the heart of everything we do.
- Performance Management – so everyone at npower is fully accountable and their performance measured through a balanced set of KPIs, including key customer metrics.
- Organisation and Skill – so we can shape our company to focus more on our customers' needs.
- Mindset and Behaviours – so we work collectively to increase employee satisfaction and empower them to bring forward new ideas and also drive continuous improvement.
- Process Efficiency – so we can focus on looking after our customers in a cost effective way by building efficient and standardised processes.

To date, around 2,000 of our employees have experienced the NWOW programme – with a further 400 currently undergoing training. We are already seeing significant improvements in the business areas, which have experienced the programme. For example, your report stated that for the industry only 54% of domestic customers felt their complaint had been resolved - we are confident that our approach through our CTP and NWOW initiatives has increased our success rate in this area. We are also seeing a reduction in call waiting times and have increased the number of ways customers can contact us – including live web chat and text messaging. Web chat in particular, is proving a success with our customers. In September alone, we took part in over 17,000 web chat conversations and have resolved 80% of complaints during the live chats according to feedback from our own surveys.



### **Actions we are taking in light of the Ofgem /Gfk report -- microbusiness customers**

The majority of our microbusiness customers are looked after by our specialist Small Medium Enterprise departments. This is an area which we have already begun to look to improve how we handle any complaints. To date, we have:

- Started to change our operational structure to embed a business model that puts the customer at the heart of our services and products.
- Changed our products to remove unpopular auto rollover contracts and to offer products more closely aligned to our customers' needs.

Your report highlighted that for this sector of customers, taking a proactive approach to resolving a complaint is the biggest satisfaction driver and that four key areas in which satisfaction has declined since 2012 – the supplier's understanding of the complaint, the professionalism of the supplier, the ease at which the customer can find the correct person to contact and feeling that someone has taken ownership of their complaint. We are confident that the following actions we have taken will address these issues. We have restructured our complaint handling teams, empowered our frontline staff so they can resolve problems more quickly and improved our insight into what actually causes a complaint. If a complaint cannot be resolved immediately a designated complaint handler is allocated. While this is all very much work in progress, already, our own surveys indicate that we are seeing steady improvement in customer satisfaction.

### **Resolution of Complaints – Audit**

After a competitive procurement process, we have engaged PricewaterhouseCoopers (PwC) to carry out an independent assessment of our existing processes to determine if a complaint has been fully resolved for our Domestic and microbusiness customers. It is important that the assessment is thorough and so we have committed to provide enough resource to fully support this activity across the 3 organisational service areas. PwC held a kick-off meeting with our teams on 20 October 2014 to ensure that all parties understand the objectives, timeline and information required to support this assessment. PwC will not only review our processes, but also how we internally monitor our complaint resolution procedure. They will also assess our commitment to fully resolve the complaint. The results will allow us to complement our own clear action plans for any areas which have been identified as requiring improvement.

Our brand values are absolutely aligned with our customer service improvements in getting it right for all our customers. With the progress we have made and the plans that we have in place, I am confident that our customers will see a significant change in how we look after them – and also how we resolve any complaints.

Yours sincerely

A handwritten signature in black ink, appearing to read "Paul Massara", written in a cursive style.

**Paul Massara**