



Dermot Nolan
Chief Executive
Ofgem
9 Millbank
London SW1P

24 October 2014

Dear Mr Nolan

Open Letter – ScottishPower – customer satisfaction with supplier complaint handling

Thank you for your open letter of 26 September highlighting Ofgem's latest customer research report into customer satisfaction with suppliers' complaint handling. The results of Ofgem's research are unacceptable for ScottishPower. It is particularly disappointing as in recent years we have been one of the industry leaders in service performance, as borne out in Ofgem's previous research and other external league tables. I can assure you that we recognise the need to improve our service standards and are completely focused on doing so.

We have recently completed an enormous task of migrating over 5 million customer accounts to a new customer management system. This has been a substantial undertaking, involving significant investment and careful management. We have now completed the migration to these accounts and are at the final stage of stabilising the new system. The new system means longer term benefits for customers and is already helping us to develop our service offering more generally.

However, in the last 12 months, this has resulted in service issues for some customers, and we have struggled to maintain the standards of service that we usually strive for. I want to stress that we don't see this as in any way excusing poor customer service and to reassure our customers that we are fully focussed on putting this right. As part of that reassurance, I can publicly commit to 2 simple commitments to our customers.

Firstly, we will ensure that no customer will be left out of pocket as a result of any service problems arising from the migration to our new system. In practice, we will do this by proactively awarding compensation to customers who have suffered account problems as a result of the system implementation, including defined reductions if we delay in sending live or final bills to customers and appropriate compensation for customers who have missed out on savings as a result in any delays in switching to ScottishPower.

Secondly, we are working hard to make it easier for our customers to contact us and to answer every call, email and complaint as quickly as possible. We increased our staff by 450 people during the migration and are now increasing this by a further 250 people, to ensure that by the end of the year, we have improved the speed of response for all customer contacts and complaints. We will continue to recruit as necessary so that all customers get the level of service they expect from us.

Throughout this year we have also been taking action to improve our service performance, on two fronts. We have reviewed the main reasons behind customer complaints and taken action to address the issues most commonly affecting customers. This includes:

- **Refunds.** We have improved our refund processes, which has helped us refund more than £11.6 million of final credits to former customers and £82 million to existing customers (twice the amount of live credits as we issued in 2013).
- **Billing.** We have recently introduced a new online tool that allows customers to control their Direct Debit payments. We have also made a number of improvements to our processes to help ensure that bills are issued on time, with support of 150 new agents.
- **Contact centres.** We have increased our contact centre opening hours, making them the longest in the industry, and changed our contact numbers to low cost numbers.

And for customers who do complain, the improvements include the following:

- **Ease of registering complaint.** The additional staff we are recruiting will make it easier for customers to register their complaint. All agents are regularly reminded of the need to recognise and record complaints for customers.
- **Being proactive and empowering staff to take decisions there and then.** Our agents are all empowered to take all possible steps to resolve complaints. We recently re-trained all agents to 'put the customer first' in handling complaints.
- **Taking ownership of complaints.** We have developed new desktop reminders for agents to emphasise the importance of taking ownership of complaints and introduced a feedback loop to learn from missed opportunities to resolve complaints at the time of call.
- **Communicating the next steps and timings.** We use system tools to track resolution actions and prompt updates to customers. In cases where technical solutions are needed, we will contact the customer by letter to update them.
- **Speed of resolution.** We have introduced specialist teams to improve the efficiency of complaints resolution and additional tools to help complete those resolution actions over which agents have direct control.



While our satisfaction ratings will not improve overnight, we think that these actions will have a positive effect on our customer experience and will help to minimise dissatisfaction with complaints handling. We will not be complacent however and will continue to work with our agents on the areas above. We will create a series of agent training briefs around these points across November, and will undertake our own research on customer experiences to help identify further opportunities for improvements. We have engaged an independent auditor to review our processes for determining whether a complaint has been resolved, including an assessment of our compliance with the Complaints Handling Standards and will publish the results of this audit by 28 November.

Once more, I would like to apologise unreservedly to any customer who has not received the level of service that they deserve from ScottishPower in recent months and provide my personal assurance that we will do what we can to correct every problem, pay appropriate compensation and ensure that no customer is disadvantaged.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Neil Clitheroe", with a large, sweeping flourish extending to the right.

NEIL CLITHEROE
CEO, Retail & Generation