



Getting things right for our customers

Following our letter of apology to all customers in December 2013, we've been working really hard and made real progress, both on problems we've had and the overall service we're now providing.

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Our reply to Ofgem – November 2014

In October, the energy regulator Ofgem wrote an open letter to all energy suppliers asking them to carry out an independent assessment into their complaints resolution processes across domestic and micro business customers. This followed research they carried out in February, which concluded that many customers were not happy with the way their complaint was handled. All suppliers were asked to publish the results of their assessments on their websites. We are also sharing the results with Ofgem.

npower's own independent assessment, carried out by PricewaterhouseCoopers (PwC), has now been completed. The assessment covered our complaints policies, procedures and work instructions, a walkthrough of a sample of complaints to assess the complaint resolution process, listening to/reviewing a sample of complaint resolution calls to assess the closure of the complaint and interviewing key people in our business.

Results

There were two areas where we fell short in some instances - a) the complaint had been closed with an assumption that an outstanding action was yet to be delivered by npower and b) we are not always using clear language when confirming with our customers that a complaint has been resolved to their satisfaction. To address these, we are taking the following recommended actions, many of which already feature in our existing plans to improve how we handle complaints:

- We are taking an npower-wide policy and approach so we can consistently define when a complaint is fully resolved and improve on the definition.
- We are establishing new procedures across domestic and micro businesses to ensure consistency, and looking to rebrief our frontline staff before the end of the year. We will also improve how we interact with different teams within our business when handling a complaint.
- We are developing a mechanism so that customers can see how their feedback is being addressed.
- We will change the language we use - for example, our front line call advisors most commonly use the phrase, "Is there anything more I can do for you today?" as opposed to our dedicated complaints handling teams using "Do you consider this complaint now be closed / resolved?" which is more proactive.
- We will improve how we measure our complaint handling performance and how the root cause of a complaint is being understood and addressed across our business.
- We will also improve the performance and management of some of our third party partners - meter operators and brokers - so that they better support how a complaint is resolved - and prevent a complaint in the first place.
- We will improve our process where we're unable to contact a customer about their complaint.

Positive feedback from the assessment

PwC highlighted in their report that they received full support throughout the assessment, that we provided "prompt access to personnel and complaints records" and that "all npower teams involved in the assessment have demonstrated a high level of commitment and transparency in their conduct and have been accepting and open when responding to our observations and recommendations." In particular, their assessment noted:

- Both our domestic and micro business areas had already begun significant complaints handling improvement projects before the assessment was carried out and that many of the recommendations already feature in these plans.
- In our domestic area, we have already put in place a project called 'I Resolve', which looks at every aspect of our complaint handling processes.
- Our new domestic customer bereavement team provides dedicated support to customers who are particularly vulnerable.
- We're trialling text messaging domestic customers if a potential complaint trigger has been identified e.g. providing an early warning if an unusually high bill is expected.
- In our industrial and Commercial (I&C) area, we have controls and processes in place to monitor completion of actions e.g. we have in place a report which identifies any failed Direct Debit mandates. We also regularly communicate with this group of customers on their

complaint status. And we have a questionnaire across complaints and wider teams in I&C to assess knowledge of common issues and how to resolve these.

- We provide training on Standards of Conduct for all our staff
- Our micro-business customer complaints are assigned to individual complaint handlers for end-to-end case management
- We also have controls in place, e.g. in the Small Medium Enterprise (SME) area to monitor our adherence to regulatory requirements. We believe these actions will enhance the significant improvements that we are already making. In June this year, as part of our Customer Transformation Programme, we carried out a full review of the entire complaints process covering both in-house and external partner processes. Part of the programme specifically targets more effective handling of our customers' complaints by our advisors.

Our SME customer area has also made a number of organisational changes this year and has appointed a new Customer Services Director and Head of Customer Experience. A detailed plan of improvements to the complaints handling process had already commenced and we have incorporated the PwC recommendations into the plan.

While we know there is still more to do, already, we are one of only two of the major suppliers whose complaints received (per 100,000 customers) reduced in each of the last two quarters. In addition our cumulative number of domestic complaints is now below 20,000 (down from more than 50,000 earlier this year) and we're now resolving more than 97% of complaints within 8 weeks – an improvement from 94% achieved earlier this year.

We're absolutely committed to putting in place all actions and we have set out a timescale for achieving each – plus, a monitoring process to make sure they are fully implemented.

Resolving a complaint as quickly as possible is incredibly important to us and we believe that by continuing our customer transformation activity, with further progress as a result of our 'I Resolve' project, we will continue our established actions to improve overall customer experience of our complaint handling.

We want all npower customers to have total confidence in us as their energy supplier.

Our reply to Ofgem – October 2014

In September, the energy industry regulator Ofgem published the results of its latest consumer research report into domestic and micro-business customer satisfaction with energy companies' complaints handling. Ofgem felt that the results were unacceptable and called on all suppliers to provide a public response to the issues they raised.

The report stated that the level of customer satisfaction with complaint handling had dropped from their previous survey two years ago. Particular areas for improvement were identified. These included companies being proactive, taking ownership of complaints, communicating the next steps and timings with their customers, empowering complaints handling staff to take decisions and improving the speed of resolution.



All suppliers were asked to publish their response by 24th October.

Our official response to Ofgem, from our Chief Executive Paul Massara is published below.

Dear Mr Nolan,

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

I write in response to your letter dated 26th 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
Resolved within 1 working day	Q1 - 86.12% Q2 - 81.43% Q3 - 84.95%
Resolved within 8 weeks	Q1 - 94.13% Q2 - 94.43% Q3 - 97.19%

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. 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 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 focussed 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, focusses 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

Paul Massara

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