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28 November 2014

Dear Mr Nolan

### **ScottishPower – Complaints Resolution Audit Results**

Further to my letter to you of 24 October, highlighting our response to Ofgem's customer complaints handling satisfaction research, I now write with the results of the independent audit into our processes for determining whether a complaint has been resolved, including our compliance with the Complaint Handling Standards.

We engaged KPMG as independent auditors to undertake this audit. The audit involved a review of ScottishPower's management procedures for resolving complaints, interviews with managers and agents and sample testing of complaints.

The audit output is attached for your review. In summary, this found that, although ScottishPower have good procedures in place for managing the resolution of complaints, there are always opportunities for improvements. We have also completed our own research on customer experiences, which echoes the audit results.

We have therefore taken action to deliver further improvements to address this issue and our current focus remains to improve our performance. During November a series of agent refresher training briefs has been delivered, reinforcing key points around recognising, recording and resolving complaints for our customers. Additional feedback from the audit and customer research has identified further areas of training to be included in these briefs and these will be delivered by end December. We are also reviewing opportunities to enhance our systems by adding additional controls to support these improvements.

We are currently updating our complaints handling procedure to make our definition of a resolved complaint clearer, by emphasising that a complaint is resolved when it is resolved to the customer's satisfaction. Further, this latest version expands on potential means of redress for all customers who complain and sets clearer expectations for keeping customers informed of progress of their complaint. These



enhancements are also being reflected in our internal processes and training documentation.

Where we are unable to resolve a complaint due to a system related issue, customers will receive progress of their complaint each month, with reassurance that we are still working on resolving their issues, and further reassurance that we will ensure that no customer is left out of pocket.

To provide an update on the points raised in my October response:

- **Ease of registering complaint:** We have now recruited 77 additional staff to manage contacts, with a further 173 being recruited by the end of the year ;
- **Taking ownership of complaints:** Further enhancements are being made to our desktop reminders for agents in light of observations from KPMG. Daily reporting is now in place at team manager level to ensure that missed opportunities for complaint resolution are fed back and considered further.
- **Communicating the next steps and timings:** Where a technical issue is preventing the resolution of the complaint, customers will receive a monthly update by letter to inform them of progress. System enhancements are being developed to provide a proactive prompt to agents to contact their customers with an update.

Whilst there is no room for complacency, we are making progress and believe that we are beginning to see some evidence of this through our own customer research. The results from our latest (October 2014) consumer panel customer satisfaction show improved customer satisfaction on all fronts and our own complaints research showed a smaller resolution gap than demonstrated through Ofgem's previous results.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Neil Clitheroe".








**NEIL CLITHEROE**  
CEO, Retail & Generation

# Independent Complaints Audit Findings

November 2014

An independent audit was carried out by KPMG in November 2014, into ScottishPower's processes for determining whether a complaint has been resolved, and customer communications throughout the complaint handling process.

## ScottishPower did well in...

-  Evidencing (through interviews) good behavioural awareness by agents and team managers, of the appropriate link between a customer being satisfied with the outcome before a complaint is closed
-  Evidencing key process and procedural documents for complaint handling, including a Complaint Handling Charter, Procedure and Principles Statement
-  Evidencing the use of helpful visual material for all complaint handlers, showing how to recognise and resolve complaints
-  Providing a wide and suitable range of contact methods for customer complaints to be made – including by telephone, email, in person, and through social media
-  Providing third party support and reference points for customers to reach out for additional support – including Citizen's Advice, Age UK & the Energy Ombudsman
-  Evidencing appropriate logging of the complaint including date, method of contact, initial note capturing and a link to the customer's account – all on one system
-  Evidencing use of internal Promise Tracker tool to ensure promised actions were made to customers

## ScottishPower have areas of improvement in...



Updating of all internal complaint documents to ensure references to complaint recognition and resolution are consistent, and highlight the importance of customer satisfaction.



Ensuring that all customer interactions in resolving a complaint are fully recorded and easily linked against the customers' account.



Carrying out enhanced briefing and ongoing refresher training for all agents to ensure adherence to the guidelines with regards to:

- Re-opening a complaint where the customer is not happy or raising another complaint about the same issue
- Ensuring that all complaints have contact (or attempted contact) to the customer at the point of complaint closure, with a clear audit trail on the customer's account of this contact



Carrying out spot checks:

- To ensure that all outstanding customer complaints have a customer contact and update every 10 days (or within a timescale agreed with the customer)
- To ensure that all agents are consistently informing and offering customers' of our complaints handling procedure at the point of the complaint being raised, and at key intervals during the complaint investigation and resolution.

ScottishPower have committed a programme of Management Actions following this feedback, to ensure that all areas for improvement are acted on within a timely manner, as well as ongoing enhancements to the complaint handling processes to adapt to changing customer expectations, market conditions and regulatory requirements.



## **ScottishPower Limited on behalf of ScottishPower Energy Retail Limited**

### **Audit of customer complaint handling (agreed upon procedures)**

This Report has been prepared on the basis set out in our Engagement Letter addressed to Scottish Power Limited ("the Client"), dated 3 November 2014 (the "Services Contract"), and should be read in conjunction with the Services Contract. Nothing in this report constitutes legal advice. We have not verified the reliability or accuracy of any information obtained in the course of our work, other than in the limited circumstances set out in the Services Contract. This Report is for the benefit of the Client only. This Report has not been designed to be of benefit to anyone except the Client. In preparing this Report we have not taken into account the interests, needs or circumstances of anyone apart from the Client, even though we may have been aware that others might read this Report. We have prepared this report for the benefit of the Client alone. This Report is not suitable to be relied on by any party wishing to acquire rights against KPMG LLP (other than the Client) for any purpose or in any context. Any party other than the Client that obtains access to this Report or a copy (under the Freedom of Information Act 2000, the Freedom of Information (Scotland) Act 2002, through the Client's Publication Scheme or otherwise) and chooses to rely on this Report (or any part of it) does so at its own risk. To the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability in respect of this Report to any party other than the Client. In particular, and without limiting the general statement above, since we have prepared this Report for the benefit of the Client alone, this Report has not been prepared for the benefit of any other person or organisation who might have an interest in the matters discussed in this Report.

KPMG LLP

28 November 2014

*This report contains 37 pages*

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# 1 Introduction

## 1.1 Background

1.1.1 The Gas and Electricity (Consumer Complaints Handling Standards) Regulations (“CHSR”), were published on 1 July 2008, and came into force on 1 October 2008, at which point all suppliers were required to have made the necessary changes to ensure compliance with the CHSR.

1.1.2 The CHSR set out a rigorous set of standards to which energy suppliers and network companies must adhere when managing complaints for domestic and micro business consumers and are designed to provide effective protection for consumers.

1.1.3 Every two years, Ofgem commissions independent research into complaints made to energy companies, in order to gauge how satisfied consumers are with how their complaints are handled. The purpose of the research is to:

- Help Ofgem identify whether suppliers are complying with the relevant complaints handling standards;
- Identify areas of good practice and weaknesses in suppliers’ complaints handling processes, including priority areas for action;
- Measure satisfaction at a supplier level to establish how individual companies are performing in terms of adhering to the complaint handling standards and meeting complainants’ needs and expectations; and
- Allow Ofgem to track changes in consumer experience and levels of consumer satisfaction over time.

- 1.1.4 The latest piece of research commissioned by Ofgem, and conducted by GfK in 2014, involved carrying out telephone interviews to understand the experience of consumers who had made complaints to their energy supplier in December 2013.
- 1.1.5 One particular issue identified by the research was the ‘resolution gap’, where the supplier considers the complaint to be closed, but the customer does not.
- 1.1.6 As a result of the findings from the research, Ofgem wrote to energy supplier Chief Executive Officers in September 2014 and requested that the six largest suppliers undertake an independent audit of the processes used to determine whether a complaint has been resolved, and to publish the results. The letter from Ofgem to ScottishPower was dated 26 September 2014.
- 1.1.7 KPMG LLP (“KPMG”) was appointed by ScottishPower Limited (“ScottishPower”) to conduct an audit in relation to the logging of complaints within its subsidiary, ScottishPower Energy Retail Limited. The audit has been completed and this report sets out the findings of our work.

## 1.2 **Scope of work**

- 1.2.1 We were asked by ScottishPower to conduct an audit of its compliance with the requirements of the CHSR in relation to resolving complaints as set out in the letter from Ofgem, dated 26 September 2014.
- 1.2.2 The scope of work in relation to this audit is set out in our engagement letter, dated 3 November 2014. The specific agreed upon procedures audit work included:
- Review ScottishPower’s processes for resolving complaints for both domestic and micro business customers;
  - Review ScottishPower’s processes for checking that the customer is happy with the resolution of the complaint;
  - Conduct risk focussed sample testing of resolved domestic and micro business complaints in order to assess the understanding of the resolution of complaints;



- Review a sample of communications with domestic and micro business customers following the resolution of complaints to assess the quality and completeness of communicating the supplier's position on resolution; and
- Review the adequacy of the internal controls framework put in place by ScottishPower to support resolution of complaints.

1.2.3 Within scope for this work were the following requirements of the CHSR (collectively referred to as "the Regulations"):

- Definition of a resolved complaint;
- Complaints handling procedure;
- Recording complaints upon receipt and subsequent contacts;
- Re-opened complaints;
- Recording complaints not been resolved by the end of the next working day; and
- Signposting customers to the redress scheme if the complaint cannot be resolved.

1.2.4 We set out a summary of the specific requirements provided by ScottishPower in relation to each of the Regulations in Appendix 1 to this report

## 1.3 **Work performed**

1.3.1 We have undertaken the following categories of work on this engagement:

- Documentation review;
- Stakeholder consultations and interviews; and
- Sample testing of resolved complaints.

### *Documentation review*

1.3.2 We reviewed the following ScottishPower complaint handling documentation relating to the complaint handling standards:

- Complaints training and ongoing communications;
- Complaints processes and procedures;
- Customer Complaints Policies and Principles;
- Information supplied to customers regarding complaints and letter templates;
- Complaints Governance and Management Controls, including Quality Assessment;
- Organisational structures and staff numbers deployed on complaints; and
- Management Information (“MI”) & Reports.

1.3.3 The review of this documentation enabled us to form a view as to how well the complaints management procedures were designed in order to ensure adherence with the complaint handling standards and to determine whether a complaint has been appropriately resolved.

### *Stakeholder consultations and interviews*

1.3.4 We spent a number of days on site with ScottishPower in its main complaint handling location. We met with a number of individuals who were interviewed in order to assess their understanding of when a complaint is resolved and to understand how they manage consumer complaints in order to achieve a fair resolution.

1.3.5 Key individuals within the following roles were interviewed as part of this work:

- Head of Customer Escalation & Complaints;
- Service Experience & Development Manager;
- External Relationship Manager;
- 3 x Senior Operations Manager;

- 4 x Team Manager; and
- 6 x Complaint Care Agents.

1.3.6 The interviews covered a range of questions in relation to the controls in place, how complaints are handled and how resolution was managed, all of which provided insight into how well the processes were understood and what operational procedures were in place to ensure fair resolution.

***Sample selection of resolved complaints***

1.3.7 We were provided with a list of closed complaints from the three month period from 1 August 2014 to 31 October 2014. This period was selected to reflect the most recent period prior to commencement of our work.

1.3.8 From this list we selected a sample of 25 complaints and reviewed the handling of these complaints in order to assess the operational process in place and whether they were being followed in accordance with the Regulations. The sample was stratified to include a representative sample of 22 residential and three small business complaints. In addition, we also reviewed two “re-open” complaints in order to assess the specific processes in place to handle these complaints in accordance with the Regulations. Whilst reviewing the samples, we listened to all relevant calls relating to the resolution of the complaint in order to understand whether the consumer would have considered that their complaint had been resolved. We also listened to the original call when the complaint was recorded to gain an end to end understanding of the specific customer issue.

1.3.9 Our sample was selected at random but weighted to ensure that our sample accurately captured the different ways in which complaints are received and the types of customers involved. Of the 25 cases initially selected we note that:

- One case should have been classed as “resolved at time of contact” (“RATOC”) case;
- One case was in relation to a technical matter which, on listening to the call, it became clear that the customer was not actually making a complaint and did not express dissatisfaction. However, this was recorded by the agent as a complaint and therefore entered into the process;

- One case related to a power networks (rather than supply of energy) issue which, on listening to the call, should not have been logged as a complaint in this area of the business. However, this was recorded by the agent as a complaint and therefore entered into the process. It was also noted that this complaint had been updated by a team manager to confirm it had been signposted, despite the fact that this was not, and should not have been, carried out in this instance. For the purposes of this report, we have not looked at this case any further as the focus of our work was on the energy retail area of the business only and we did not therefore look at how the complaint was handled in the networks area; and
- Two cases related to duplicate complaints which were created in error by agents before being immediately closed and the details assigned to the original complaint.

1.3.10 A sample of 20 cases has therefore been used throughout our fieldwork, with the addition of two extra cases examined in relation to the specific requirements of re-opened cases, which are considered in detail in section 2.5 of this report.

## 1.4 **Confidentiality and limitations to the scope of our work**

1.4.1 This report has been prepared for the purpose of assisting ScottishPower in relation to improving the quality of its complaint handling activities and following the request from Ofgem that the six largest energy suppliers undertake an independent audit of the process to determine whether a complaint has been resolved. We confirm that this report can be shared by ScottishPower with Ofgem. For the avoidance of doubt, this report may not be otherwise disclosed, copied, quoted or referred to in whole or in part, without our prior written consent, other than to the extent required by law. Such consent, if given, may be on conditions, including without limitation, an indemnity against any claims by third parties arising from the release of any part of our report. KPMG will not be held responsible or liable to any third parties who may come to act upon this report without our prior written consent.

- 1.4.2 The content of this report is based upon information provided to KPMG by ScottishPower. Except where specifically stated, we have not independently verified this information and have relied upon statements made and documents provided to us. We reserve the right to reconsider the findings and conclusions outlined in this report should further information come to light or be provided to us after the date of issue of this report. We have relied on representations made by individuals working for ScottishPower, which we have not verified except where indicated.
- 1.4.3 Our work tested specific requirements at the resolution stage of the complaint handling process at ScottishPower, in accordance with the scope of work set out in paragraph 1.2 above. Our work is therefore limited to assessing complaint handling activities against the definition of a complaint already used by ScottishPower. We have made the working assumption that all complaints made by consumers within the sample period were correctly identified and entered into ScottishPower's complaints management system, and that all consumer notes were accurately captured before the complaint was made and in the earlier stages of the complaint handling process.

## 2 Key Findings

### 2.1 Introduction

2.1.1 In this section of our report, we set out both the specific wording of the Regulations and our findings in relation to each of the specific requirements outlined by ScottishPower.

2.1.2 During the course of our work, we carried out a detailed assessment of ScottishPower's published customer facing documentation and internal operational principles, processes and training against the specific requirements of the Regulations relating to the resolution of a complaint. This was combined with evidence observed in the closed complaint sample reviews and the responses given during the course of our interviews with key ScottishPower employees.

2.1.3 We understand that ScottishPower recently completed the migration of approximately five million customer accounts to a new customer management system, with the stated aim of delivering longer term benefits for its customers and helping to develop service offerings more generally. This transition was supported by staff training on the use of the new system and the key elements of delivering good service to customers. ScottishPower recognises in the last 12 months, this transition has resulted in service issues for some customers. Specifically, for customers with complaints, this has meant that, on occasion, complaints have taken longer to resolve and ScottishPower has encountered more complex and/or technical issues to resolve, resulting in a higher volume of complaints.

## 2.2 Definition of a resolved complaint

### *The Regulations*

2.2.1 The Regulations (Section 3) state that:

*(1) “Resolved complaint” means a consumer complaint in respect of which there remains no outstanding action to be taken by the regulated provider and which has been resolved to the satisfaction of the relevant consumer who made that consumer complaint or on whose behalf that consumer complaint was made.*

### *Our findings*

2.2.2 We reviewed the internal documentation provided to consider whether ScottishPower’s processes reflected the definition of a resolved complaint included in the Regulations. The complaint handling process map clearly outlines that all actions must be fully implemented and that the consumer must be “completely happy” before a complaint can be closed.

2.2.3 A definition of a resolved complaint was provided within ScottishPower’s Complaints Handling Principles:

*“We will attempt to resolve customer queries first time every time. Where we are unable to do this, we will escalate the complaint for resolution and will keep the customer updated on our progress. Resolution will include an apology where appropriate and an explanation for the issue / complaint. It may also include compensation, appropriate action or a future undertaking, depending on the circumstances of the case”*

- 2.2.4 However, we note that this definition did not include reference to ensuring that the complaint had been resolved to the satisfaction of the consumer. We also note that materials for complaint handling did not appear to provide a consistent definition for a resolved complaint.
- 2.2.5 During interviews, all agents and team managers confirmed that, to close a complaint, they would always attempt to ensure that the consumer was happy and whether all their issues had been resolved.
- 2.2.6 On occasions, when call agents were unable to speak to a customer, interviewees said that they would issue a letter confirming the resolution offered and informing the customer that they should contact ScottishPower to confirm that they are happy for the complaint to be closed. If a response was not received, then a further non-contact letter would be issued to confirm that a complaint would be closed if the customer did not respond. This was consistent with the letter templates containing mandatory information to be provided to the customer and with the ScottishPower process maps.
- 2.2.7 During interviews, the majority of interviewees did not say that they would ensure that all required actions were complete but rather focused on determining customer acceptance of resolution.
- 2.2.8 To help agents recognise, record and resolve a complaint, we note that visual material is provided for all complaint handlers and attached to their monitors, which provides an accessible and helpful prompt and includes a closure checklist. Training for agents also reinforces the need to ensure that the consumer is satisfied with resolution. However, whilst this checklist includes the completion of all actions and the fulfilment of the customer's requirements, it does not remind agents to ensure that the customer is satisfied and/or happy to close the complaint. This is assumed to be fully understood by all agents.
- 2.2.9 To help ensure that promises are kept on resolution, an internal 'Promise Tracker' is used to record the outcomes agreed with customers and to track whether these have been delivered. During interviews, agents referred to the 'Promise Tracker' and confirmed that it was regularly used to ensure that promises are kept. Our review of the 'Promise Tracker' tool provided evidence that significant volumes of promises are logged with



team managers, who are then able to view all promises made by members of their team and reassign if an agent is absent. The Promise Tracker operates a traffic light system based on delivery date, prompting agents each day with promises due for action.

2.2.10 From our review of our sample of 20 complaints we noted that in 12 cases, there was evidence of appropriate resolution of the complaint.

2.2.11 However, we also noted that:

- In two cases, there was no evidence of appropriate resolution of the complaint for the customer despite the fact that the complaint had been closed;
- In one case, there was only part evidence of resolution due to an individual IT failure on the agent's desktop system, with the information saved in an incorrect location which had subsequently been deleted;
- In four additional cases, where the underlying issue of the complaint had been resolved and subsequently the complaint was closed, no contact was made with the customer to ascertain whether or not they were satisfied with this resolution. We also understand that none of these cases was reopened; and
- In one case, it was found that the complaint was closed due to a duplication issue, which is examined further in section 2.5.2 of this report. The original complaint in this case remained unresolved at the time of our review.

## 2.3 Regulated providers' complaints handling procedure

### *The Regulations*

2.3.1 The Regulations (Section 4) state that:

*(1) A regulated provider must have in place at all times a complaints handling procedure.*

*(2) Each regulated provider must comply with its complaints handling procedure in relation to each consumer complaint it receives.*

*(3) Each regulated provider's complaints handling procedure must:*

- a) be in plain and intelligible language;*
- b) allow for consumer complaints to be made orally (by telephone or in person at the regulated provider's business premises) or in writing (including by email);*
- c) allow for consumer complaints to be progressed through each stage of the complaints handling process orally (by telephone or in person at the regulated provider's business premises) or in writing (including by email);*
- d) describe the steps which the regulated provider will take with a view to investigating and resolving a consumer complaint and the likely timescales for each of those steps;*
- e) provide for an internal review of an existing consumer complaint where a complainant indicates that they would like such a review to occur because they are dissatisfied with the handling of that consumer complaint;*
- f) inform relevant consumers of the names and contact details of the main sources of independent help, advice and information that are available to them. For these purposes a source of help, advice and information shall*

*be independent if it is independent of regulated providers, a qualified redress scheme and the Authority;*

- g) describe the relevant consumer's right to refer a consumer complaint to a qualifying redress scheme:
  - i. on and from the point at which the regulated provider notifies the relevant consumer in writing that it is unable to resolve the consumer complaint to the relevant consumer's satisfaction; and*
  - ii. after the expiry of the specified time period; and**
- h) set out the different remedies that may be available to a relevant consumer under the complaints handling procedure in respect of a consumer complaint, which remedies must include:
  - i. an apology;*
  - ii. an explanation;*
  - iii. the taking of appropriate remedial action by the regulated provider; and*
  - iv. the award of compensation in appropriate circumstances.**

*(4) Those regulated providers who hold a licence under:*

- i) section 7A(1) of the Gas Act 1986; or*
- j) section 6(1)(d) of the Electricity Act 1989,*

*must include in their complaints handling procedure as a remedy the award of compensation to domestic consumers, in appropriate cases, where the domestic consumer has been adversely affected by a failure of that regulated provider to comply with its obligations under, respectively, standard condition 25 (Marketing gas to domestic customers) of the Standard Conditions of the Gas Supply Licence or standard condition 25 (Marketing electricity to domestic customers) of the Standard Conditions of the Electricity Supply Licence.”*

### *Our findings*

- 2.3.2 We carried out a review of ScottishPower's internal and external published complaints handling procedures to assess them against the specified requirements of the Regulations.
- 2.3.3 We set out below our findings which are linked to each of the components of the Regulations and to the procedures reviewed and evidence observed during the course of our review of a sample of closed complaints.
- 2.3.4 The Regulations require ScottishPower to have a complaint handling procedure in place and this was observed as met. Internal complaints procedures are included in the Customer Complaint Handling Principles Statement and there are documented processes for agents to follow.
- 2.3.5 External complaints procedures are also in place including a ScottishPower complaint handling Charter (The Charter) which is sent to customers at the signposting stage, which provides details of the information required to complain and a step by step summary of the complaint handling process. This Charter can be accessed through the ScottishPower website.
- 2.3.6 The Regulations require ScottishPower to allow for customer complaints to be made orally (in telephone or in person) or in writing (including by email). We observed that these channels were made available to customers and the options are clearly outlined in the Charter, which is provided to customers who make a complaint and on ScottishPower's website.
- 2.3.7 Phone numbers, a contact address and an email address are provided to customers in the event that they would like to make a complaint, and it was noted that ScottishPower recently extended the opening hours of its contact centre to 10pm on weekdays and 6pm on Saturdays, to ensure that they are open at a range of convenient times for customers.
- 2.3.8 The phone numbers provided for complaints include an 0800 free landline phone number and local cost mobile phone numbers.

- 2.3.9 In addition to the channels noted above, ScottishPower accepts complaints made via social media websites and have a dedicated team to manage this channel.
- 2.3.10 The Regulations require ScottishPower to allow complaints to be progressed either orally or in writing. Our review indicated that the channels listed above remain available to the customer throughout the duration of their complaint.
- 2.3.11 During interviews, respondents said they would ask the customer their preferred contact channel and aim to use this channel wherever possible.
- 2.3.12 Our observations of closed complaints revealed that the majority of complaints were received by telephone and that all agents made calls back to customers. Where this was not successful, either due to the customer not leaving a working telephone number or the customer being unavailable, a message was left and/or an email was sent to the customer. Where this option was not available, written correspondence was issued.
- 2.3.13 The complaint handling procedure must describe the steps which will be taken while investigating and resolving a consumer complaint and the likely timescales for each of those steps.
- 2.3.14 The Charter provided to customers clearly outlines the steps taken and the escalation process, as well as indicating likely timescales to keep the customer informed.
- 2.3.15 During interviews, the complaint agents all described the steps that would be taken in investigating a complaint and were aware of the published ten working day timescale which would normally be communicated to customers. The majority of interviewees also stated that they would agree a timeline that was appropriate for the nature of the complaint with the customer. Where a complaint cannot not be resolved in a short timescale, a 28 working day update may be agreed.
- 2.3.16 The Regulations require that ScottishPower provides for an internal review of an existing complaint if the customer is dissatisfied with the process. It is clearly outlined in the Charter that a complaint can be escalated to a manager if the customer is unhappy with the way their complaint is being handled.

2.3.17 During interviews, call agents indicated that they would escalate a case internally if the customer was dissatisfied with their handling of the case. Team and senior managers interviewed confirmed that they take ownership of cases when requested by either the customer or the call agent.

2.3.18 The procedure must provide customers with the names and contact details of the main sources of independent help, advice and information that are available to them.

2.3.19 We note that the Charter listed the contact details and opening hours for:

- Citizens Advice Consumer Service;
- Citizens Advice Bureau;
- Age UK; and
- Energy Ombudsman.

2.3.20 Further reference to independent sources of help and advice is available on ScottishPower's website, with contact details for:

- Benefits Health Check;
- The Energy Assistance Package;
- National Debtline; and
- Homeheat Helpline.

- 2.3.21 Complaints handling procedures must describe the consumer's right to refer a complaint to a qualifying redress scheme, in this case the Energy Ombudsman Service ("Ombudsman"). The Charter confirms that a customer can take their complaint to the Ombudsman if the two parties cannot reach an agreement. In line with the Regulations, this option is given to the customer when ScottishPower issues a "final offer" letter (referred to as "Deadlock") or when a complaint remains unresolved after eight weeks. The expiry period is also clearly noted.
- 2.3.22 The Charter also confirms that the decision of the Ombudsman is binding on ScottishPower and not the consumer, which illustrates the independent role that the Ombudsman provides and informs the customer of the benefits of the service.
- 2.3.23 The Regulations require ScottishPower to set out the different remedies that may be available to a consumer under the complaints handling procedure. Whilst the Charter outlines that the Ombudsman can suggest a variety of outcomes, including an apology, explanation, remedial action and, in appropriate circumstances, a financial award, this is not made clear for a complaint which does not reach this stage.
- 2.3.24 The final requirement in the Regulations is to include in the complaints handling procedure the award of compensation to domestic consumers, if the complaint relates to sales activities.
- 2.3.25 We note that there is a section relating to Sales Complaints in the Charter and there is also confirmation that as a part of its Supply Licence, ScottishPower is legally obliged to meet Guaranteed Standards in relation to billing, metering and customer enquiries. If these are failed, it confirms that compensation will be paid.
- 2.3.26 From our review of our sample of 20 complaints we noted that in 11 cases, there was evidence of the consumer being informed of the ten day timescale, or shorter, either at the time of the call, by signposting to the website or by the issuing of the signposting letter alongside the Complaints Handling Procedures.

2.3.27 However, we also noted that in eight cases, the call agent did not actually contact the customer within this initial ten day period promised. In addition, in nine of our 20 cases, the customers experienced long periods without contact during the handling of their case.

## 2.4 Recording complaints – upon receipt or subsequent contact

### *The Regulations*

2.4.1 The Regulations (Section 5) state that:

*(1) Upon receipt of a consumer complaint a regulated provider must record in a written, electronic format the following details:*

- a) the date that the consumer complaint was received;*
- b) whether the consumer complaint was made orally or in writing;*
- c) the identity and contact details of the relevant consumer making the consumer complaint or on whose behalf the consumer complaint is made;*
- d) where the regulated provider who receives the consumer complaint holds a licence under section 7A(1) of the Gas Act 1986 or under section 6(1)(d) of the Electricity Act 1989 or both, the account details of the relevant consumer making the consumer complaint or on whose behalf the consumer complaint is made;*
- e) a summary of the consumer complaint;*
- f) a summary of any advice given or action taken or agreed in relation to the consumer complaint;*
- g) whether the consumer complaint has become a resolved complaint and, if so, the basis upon which the regulated provider considers that the consumer complaint is a resolved complaint; and*
- h) the method for future communication (if any) that has been agreed with the complainant.*



*(2) Where any subsequent contact is made with the regulated provider in relation to an existing consumer complaint that regulated provider must, upon receipt of that subsequent contact, record:*

- a) the date of that contact;*
- b) whether the subsequent contact was made orally or in writing;*
- c) whether the complainant making the subsequent contact is the same complainant as, or different to, the complainant who made the original contact regarding an existing consumer complaint and, where different, the identity and contact details of the complainant making the subsequent contact;*
- d) a summary of that contact;*
- e) a summary of any advice given or action taken or agreed in response to any points raised in that contact;*
- f) whether the consumer complaint has become a resolved complaint and, if so, the basis upon which the regulated provider considers that the consumer complaint is a resolved complaint; and*
- g) the method for future communication (if any) that has been agreed with the complainant.*

### *Our findings*

- 2.4.2 The written notes of the vast majority of the sample complaints reviewed during our work were deemed clear and understandable. On all but a few of the instances viewed, the notes were updated by all those who accessed the complaints when dealing with actions or interacting with the consumer.
- 2.4.3 The date on which the complaint was received was automatically entered into the system when the complaint was raised. Where the date that the complaint was logged into the system was different to the date on which the complaint was received (e.g. where the complaint was received via email or letter but was entered onto the system the following day), then this extra detail was included within the text notes.
- 2.4.4 The complaint recording system utilises a series of drop down menus, which allow operators to select the manner in which the complaint is made (i.e. verbally or in writing) and the category in which the complaint falls. The information on the complaint is then linked to the consumer's account, which contains further detail including contact details.
- 2.4.5 We note that detailed notes are made by call agents, which contain details of every contact with the consumer. In a small number of cases, there were instances where few notes were made on the accounts. However, times and dates of contact were noted, including any subsequent contact made. The system automatically assigned the agent's unique code to the note for identification purposes by management and back office staff.
- 2.4.6 During our call reviews, we noted a few instances where the details of contacts were not always recorded. However, from a review of the SAP interaction reports, we were able to demonstrate evidence of emails, letters or calls being made. We also identified some instances where emails and letters were not copied to the complaint notes and had to be retrieved from individual agents. There is therefore a risk that these could then be lost or not noticed during later contact with the consumer.
- 2.4.7 Where a call agent or complaint advisor gives additional advice to the consumer or provides a likely timescale in which the complaint is expected to be resolved, this

information was found to be included within the notes held on the complaints handling system.

2.4.8 We note that when a complaint was closed, relevant details were included within the notes section and the case was closed within SAP.

2.4.9 From our review of our sample of 20 complaints, we note that in ten cases, an appropriate level of detail was provided in relation to the conversation that took place with the consumer and the reason for why the case was closed. In addition, two further cases were appropriately closed due to non-contact by the consumer.

2.4.10 However, we also note that:

- In two cases , there was no evidence of appropriate resolution of the complaint for the customer despite the fact that the complaint had been closed. (as noted in paragraph 2.2.11 above);
- In one case, there was only part evidence of resolution due to IT failures on the agent's system (as noted in paragraph 2.2.11 above);
- In four additional cases where the underlying issue of the complaint had been resolved and subsequently the complaint was closed, no contact was made with the consumer to ascertain whether or not they were satisfied with this resolution. We also understand that none of these cases was reopened (as noted in paragraph 2.2.11 above); and
- In one case, it was found that the complaint was closed due to a duplication issue. However, at the time of review there has been no resolution for the consumer on either complaint and the other complaint remained unresolved and there has been no further contact with the consumer.

## 2.5 Re-opened complaints

### *The Regulations*

2.5.1 The Regulations (Section 5) state that:

*(6) Where a regulated provider has recorded that a consumer complaint is a resolved complaint but subsequent contact from a complainant in relation to that consumer complaint indicates that it is not a resolved complaint, the regulated provider:*

- a) must record details of this change in the consumer complaint's status in its recording system;*
- b) must as soon as reasonably practicable after becoming aware of the fact that the consumer complaint is not a resolved complaint:*
  - iii. direct the complainant to the complaints handling procedure on its website; and*
  - iv. offer to provide a copy of the complaints handling procedure to the complainant free of charge;*
- c) must take account of that consumer complaint in any report which it is obliged to prepare and publish in accordance with Regulation 11; and*
- d) shall not otherwise be entitled to treat that consumer complaint as a resolved complaint for the purposes of these Regulations until that consumer complaint is demonstrably a resolved complaint.*

*Our findings*

- 2.5.2 The Complaint Handling Principles confirm that, in any case where a consumer contacts ScottishPower to raise an issue which they had previously recorded as a complaint and closed, they should re-open the same complaint, regardless of the amount of time that has elapsed since it was closed.
- 2.5.3 We were provided with a process map which clearly outlines the steps to be taken following the re-opening of a complaint. This includes directing the consumer to the complaints procedure on their website and offering to send a copy of the procedures.
- 2.5.4 During interviews, agents confirmed that they follow the documented process and explained how when it is determined a complaint was closed in error, it would be reported back to the individual responsible using an internal tool which requires team managers to address the issue with the agent concerned.
- 2.5.5 When a reopened complaint is recorded against an agent, the process is for the team manager to discuss this with the agent concerned as soon as possible. Agents are rated against a range of goals in their objectives, one of these key performance indicators requires them to keep the volume of complaints reopened from their resolved cases below a threshold. If this threshold is exceeded, the agent may be subject to performance improvement procedures.
- 2.5.6 During the course of our review, we identified a number of discrepancies in relation to how incoming complaints that relate to previous cases were identified and logged on the system.
- 2.5.7 From our review of our sample of 20 complaints, we note that six cases were found to relate to other complaints. We also selected two additional cases for specific review of the re-open procedures, thereby giving a total sample size of eight cases

2.5.8 From our sample of eight relevant complaints, we note that:

- The original complaint was correctly re-opened in one out of the initial sample of six;
- The two additional cases were also found to be correctly re-opened following further contact from the consumer; and
- In the other five cases, where an incoming contact was logged as a new complaint, when it actually related to an existing complaint, the existing case should have been re-opened, or updated if still open, and the communication linked to the existing complaint as per ScottishPower guidelines.

2.5.9 In some instances, the failure to re-open existing complaints appears to be as a result of front office staff being unaware of procedures. However, we also identified that these instances are often picked up by the middle office and complaint handlers at the next stage of the complaints handling process.

2.5.10 From the complaints reviewed and re-opened, we noted that in all three cases, as noted above, this was due to the consumer feeling that their initial complaint had not actually been resolved. In all three cases, there had been no further attempted contact with the consumer before the original complaint was closed.

2.5.11 In addition to reviewing re-opened cases, we asked agents to outline their understanding of when a complaint should be re-opened and the process that should be followed. All agents were clear that if a consumer was not happy with the resolution of their complaint, they would determine if the problem related to the same issue and if so, re-open the complaint. The complaint handling system records details of this change in status and management information was provided to evidence this.

## 2.6 **Recording complaints not resolved by end of next working day**

### *The Regulations*

#### 2.6.1 The Regulations (Section 6) state that:

*(1) In addition to recording information in accordance with Regulation 4, each regulated provider must keep a written, electronic record of the matters specified in paragraph (2) below for each consumer complaint which it receives where that consumer complaint has not become a resolved complaint by the end of the working day after the day on which the consumer complaint was first received by that regulated provider.*

*(2) The matters which must be recorded in accordance with paragraph (1) are:*

- a) the steps the regulated provider has taken in response to each such consumer complaint, including any steps it has taken to resolve that consumer complaint;*
- b) the date (if any) upon which any such consumer complaint became a resolved consumer complaint;*
- c) the date (if any) upon which the specified time period expired; and*
- d) the date (if any) upon which the relevant consumer who made the consumer complaint, or on whose behalf the consumer complaint was made, was informed of their right to refer that consumer complaint to a qualifying redress scheme in accordance with Regulation 6(3) .*

### *Our findings*

- 2.6.2 The Principles document confirms that if a complaint cannot be resolved by the end of the first working day immediately following the day upon which it is received, the consumer will be directed to the Complaint Handling Procedure on ScottishPower's website and offered a copy of the Complaint Handling Procedure free of charge.
- 2.6.3 ScottishPower management issue regular communications to agents around the importance of signposting, and other matters, as they deem appropriate. We also note that management have a change request to the complaint handling system currently in progress to change the system to ensure that signposting must take place before the complaint can be progressed.
- 2.6.4 Any complaint logged on the system automatically becomes available to management in its reporting and can be added to any analysis performed in terms of tracking progress of these complaints. From the cases reviewed, we identified that the complaint notes contained details of the steps taken by a call agent in response to the complaint and the date when it became a resolved complaint.
- 2.6.5 Information is also held that indicates when a Deadlock letter has been issued or when details of the Ombudsman have been provided to the consumer. It should also be noted that this information is present on both ScottishPower's website and within the Complaints Handling Procedures that can be sent to consumers when the complaint is initially logged.
- 2.6.6 From our review of our sample of 20 cases, we identified that in ten cases, adequate signposting provided by the call agents, or subsequently picked up in reporting, at the time the complaint was made.
- 2.6.7 However, we also note that in the remaining ten cases that:
- In six cases, this signposting was not done;
  - In two other cases the signposting was only partially performed; and
  - In two further cases, we were unable to find any evidence of the signposting.



## 2.7 **Signposting consumers to redress if complaints cannot be resolved**

### *The Regulations*

#### 2.7.1 The Regulations (Section 7) state that:

*(1) The regulated provider must send a relevant consumer a written notice informing that relevant consumer of the matters addressed at paragraph (2) in the circumstances described at paragraph (3).*

*(2) A notice sent in accordance with paragraph (1) must notify the relevant consumer:*

- a) of their right to refer the consumer complaint to a qualifying redress scheme;*
- b) that the qualifying redress scheme process is independent of the regulated provider;*
- c) that the qualifying redress scheme process is free of charge to the relevant consumer and to any other category of complainant;*
- d) of the types of redress that may be available under a qualifying redress scheme; and*
- e) that any outcome of the qualifying redress scheme process is binding upon the regulated provider but not upon the relevant consumer or any other category of complainant.*

*A regulated provider must send a notice to a relevant consumer in accordance with paragraph (1) on the earlier of:*

- a) the first working day after the day (if any) upon which that regulated provider becomes aware that it is not able to resolve a consumer complaint to that relevant consumer's satisfaction; and*
- b) the date upon which the specified time period for that consumer complaint expires unless that date falls on a day that is not a working day, in which case the first working day thereafter.*

### *Our findings*

- 2.7.2 The documentation we reviewed, including the Principles document which outlines the requirements of the regulation, included the right of referral to the Ombudsman following Deadlock or after eight weeks if not resolved.
- 2.7.3 We also identified a number of instances where various Deadlock letters were sent out, including “day 56” letters following earlier letters detailing defects to consumers. We understand that consumers should only receive one Deadlock letter, unless in the case of deadlock due to non-contact.
- 2.7.4 Management noted that they will actively review the open cases for any complaints reaching day 47 and prioritise these for either resolution or the issuance of a day 56 letter to the consumer.
- 2.7.5 Training material reviewed as a part of our review contained the same requirements and the interviews with agents and team managers also showed understanding of this regulation with all agents outlining the process to be followed when a complaint cannot be resolved.
- 2.7.6 We also reviewed letter templates used in a deadlock situation and when a complaint has not been resolved after eight weeks. The templates contained the requirements of the written notice in the regulation, including:
- The right to refer to the Energy Ombudsman;
  - The independence of the scheme;
  - That the scheme is free of charge;
  - That the Ombudsman may require ScottishPower to apologise, explain what has gone wrong, correct the problem or give the consumer a financial award; and
  - That the decision is binding on ScottishPower but that the consumer does not have to accept the Ombudsman’s decision.

- 2.7.7 We note that management information and reporting was provided, which is reviewed on a daily basis by the management of the complaint handling teams, and highlights the complaints which have reached Deadlock, may be in danger of doing so, or are approaching the eight week threshold. This is used as a control to ensure redress rights are issued on a timely basis
- 2.7.8 From our review of our sample of 20 cases, we noted that in nine cases, the complaint reached day 56 (eight weeks from initial complaint logging).
- 2.7.9 For these nine complaints, we note that:
- In seven cases, these were correctly issued with a Deadlock letter containing details of the Ombudsman prior to this point being reached; but
  - In the two cases, the letter was issued after day 56.
- 2.7.10 During the course of our review, we also noted that in three additional cases, a deadlock letter was issued despite the complaint not reaching day 56 as an impasse had been reached with the consumer.

## 3 **Our recommendations**

### 3.1 **Introduction**

3.1.1 In this section of the report, we set out our recommendations to enhance the overall complaints handling process.

3.1.2 We note that ScottishPower has committed to using the output from this work and other ongoing work as part of its programme of continuous improvement in relation to the end to end complaint handling process.

### 3.2 **Definition of a resolved complaint**

3.2.1 We recommend that:

- A consistent definition for a ‘complaint’ and a ‘resolved complaint’ is developed and used across all documentation, including internal policies, training materials and agent guides, and that adherence to the definitions is embedded across the organisation;
- Refresher training and internal communications are enhanced to remind agents to always confirm whether the consumer is satisfied and/or happy that the complaint has been appropriately resolved;
- Where it is unclear, further contact should be made with the consumer to ascertain whether or not they were satisfied with this resolution; and
- Quality assurances and monitoring processes are enhanced to ensure that these actions are monitored and any instances of non-adherence are addressed appropriately.

### 3.3 **Regulated providers' complaints handling procedure**

#### 3.3.1 We recommend that:

- ScottishPower invite customer or consumer groups to review the content and wording of the Charter to ensure that it is clear to all customers, including those that may be classed as vulnerable;
- Guidance and training materials are enhanced to ensure that call agents are aware that likely timescales for each step of the investigation and resolution process must be given to the consumer making the complaint;
- Guidance and training materials are enhanced to highlight the importance of carrying out all outstanding actions relating to a complaint as well as confirming whether a complaint has been resolved to the satisfaction of the consumer making the complaint;
- Regular spot checks are implemented to ensure that call agents contact consumers who have an outstanding complaint every ten days, or as agreed with the consumer, as requirement by ScottishPower's complaints handling procedures;
- Improved visibility and monitoring is implemented to ensure that there is evidence of the call agent contacting the consumer within the timescale agreed with the consumer; and
- Quality assurance and monitoring processes are updated to ensure that these actions are monitored and any instances of non-adherence are addressed appropriately.

### 3.4 **Recording complaints – upon receipt or subsequent contact**

#### 3.4.1 We recommend that:

- Policies, guidance and training materials are updated to ensure that call agents and complaint handlers provide sufficient detail within the notes section, including reasoning for why a complaint has been marked as resolved and specifying if a case is being closed as it is a duplicate;

- Call agents are encouraged to log expressions of consumer dissatisfaction as consumer complaints and utilise existing mechanisms to log technical requests. Incorrect logging may lead to instances where the consumer is unaware of any complaint on their account and will effectively increase the number of complaints;
- Complaint handlers are advised to contact the consumer, either by call, email or written correspondence, in order to outline the actions that have been taken by ScottishPower in relation to the complaint, the reasons for why the case is due to be closed and to confirm whether the complaint has been resolved to their satisfaction;
- Training is provided to ensure that emails and letters are always copied to complaint notes on a timely basis to minimise the risk of these being lost or not noticed during later contact with the consumer; and
- Quality assurances and monitoring processes are enhanced to ensure that these actions are monitored and any instances of non-adherence are addressed appropriately.

## 3.5 **Re-opened complaints**

### 3.5.1 We recommend that:

- Guidance and training are enhanced to ensure that call agents, and primarily those working in the front office, have a full understanding of the process for identifying when a consumer is calling in relation to an existing complaint and when the call relates to a previous complaint that has been closed but should be re-opened; and
- Quality assurances and monitoring processes are enhanced to ensure that these actions are monitored and any instances of non-adherence are addressed appropriately.

### **3.6 Recording complaints not resolved by end of next working day**

3.6.1 We recommend that:

- Spot checks are implemented to confirm that, where a call agent has indicated on the complaints management system that they have provided the necessary signposting to the consumer when the complaint is made, this action has indeed been completed;
- Internal communications are used to provide reminders to call agents that it is mandatory to provide adequate signposting to the consumer when a complaint is first raised; and
- Quality assurances and monitoring processes are enhanced to ensure that these actions are monitored and any instances of non-adherence are addressed appropriately.

### **3.7 Signposting consumers to redress if complaints cannot be resolved**

3.7.1 We recommend that:

- The end to end process for signposting to the redress scheme if complaints cannot be resolved is looked at in further detail and that further guidance and training is provided to complaint handlers in this area;
- Further controls are put in place to ensure that a complaint cannot reach day 56, without a Deadlock Letter having been sent out and that appropriate action is taken for complaints where it is known that resolution cannot be reached in terms of issuing Deadlock Letters prior to this point ; and
- Quality assurances and monitoring processes are enhanced to ensure that these actions are monitored and any instances of non-adherence are addressed appropriately.

## Appendix 1 – Summary of specific requirements

CHSR requirement	Summary of specific requirements
Definition of resolved complaint	<p>ScottishPower processes reflect the following definition of a “resolved complaint”:</p> <p>“Resolved complaint” means a consumer complaint in respect of which there remains no outstanding action to be taken by the regulated provider and which has been resolved to the satisfaction of the relevant consumer who made that consumer complaint or on whose behalf that consumer complaint was made.</p>
Complaints handling procedure	<p>ScottishPower’s complaint handling procedure sets out the steps that SP will take in investigating and resolving complaints and SP adheres to these</p>
Recording complaints	<p>ScottishPower complaints records include:</p> <ol style="list-style-type: none"> <li>1) A clear written summary of any advice or action taken or agreed in relation to the customer’s complaint; include the recording of complaint date and complaint detail</li> <li>2) Whether the complaint has been resolved and the basis on which ScottishPower considers that the complaint is resolved.</li> </ol>
Recording subsequent contacts	<p>ScottishPower complaints records include the following information for any subsequent contact from that complainant:</p> <ol style="list-style-type: none"> <li>1) A clear written summary of any advice or action taken or agreed in relation to the customer’s complaint;</li> <li>2) Whether the complaint has been resolved and the basis on which ScottishPower considers that the complaint is resolved.</li> </ol> <p>All details above are clearly linked to an existing customer complaint.</p>
Re-opened complaints	<p>Where ScottishPower has recorded a complaint as being resolved but subsequent contact from a complainant in relation to that complaint indicates that it is not resolved, ScottishPower will:</p> <ol style="list-style-type: none"> <li>1) Record details of the change in the complaints status in its complaints system;</li> <li>2) Direct the complainant to the complaints handling procedure online and offer to provide a copy free of charge;</li> <li>3) Not treat that complaint as being closed for any purpose, including reporting, until it is clearly a closed complaint.</li> </ol>



<p>Recording complaints that have not been resolved by the end of the next working day</p>	<p>ScottishPower complaints records include the following information for any complaints that have not been resolved by the end of the next working day after the day on which they are received:</p> <ol style="list-style-type: none"><li>1) The steps that SP has taken to resolve that complaint;</li><li>2) The date that a complaint became a resolved complaint;</li><li>3) Whether the complaint has been resolved and the basis on which ScottishPower considers that the complaint is resolved.</li></ol> <p>All details above are clearly linked to an existing customer complaint.</p>
<p>Signposting customers to the redress scheme if the complaint cannot be resolved</p>	<p>ScottishPower will send a written notice to complainants on the earliest of (1) the point at which SP realises that the consumer complaint cannot be resolved to the satisfaction of the consumer, or (2) the expiry of the 8 week time period that the SP has to resolve the complaint.</p> <p>That written notice will include details of the complainant's right to access the free, independent redress scheme and the types of redress that may be available.</p>