

2 September 2015

Dermot Nolan  
Chief Executive  
Ofgem  
9 Millbank  
London SW1P 3GE

Dear Dermot

**Customer satisfaction with suppliers' complaints handling**

Thank you for your open letter of 10 August 2015 on how customers' complaints are handled.

British Gas aims to provide excellent customer service. However, despite our best efforts we don't always get things right. We take all complaints seriously and maintain a continuous focus on improving the quality of service we provide.

This letter explains the steps we're taking to address the five significant areas of concerns you raised following your research last year into customer satisfaction with suppliers' complaints handling. Since then we have made substantial investments in improving customer service. But we recognise that there is much work still to do and we remain committed to service excellence for all our customers.

We expect our complaints improvement plan outlined below to reduce complaints by 15% this year compared to 2014 for our residential customers. For our business customers, we are working hard to continue to embed our new billing system to ensure we can deliver the great service our customers expect.

## **Taking ownership of complaints**

### **Focusing on the issues that matter most**

We announced earlier this year that we will be investing an extra £50 million over the next three years to transform our customer service and address the causes of customer dissatisfaction. We're taking on more than 350 Customer Service Advisors and reorganising the way we work to achieve this.

Our complaint improvement plans are just one element of our broader commitment to deliver a 'best in class' service for our customers.

We know what matters most to our residential customers, including:

- Making sure their bills are accurate
- Responding to how they wish to pay their bills (direct debit, cash or cheque)
- Making moving home easy
- Helping them to understand and operate their pre-payment meters.

That is why we are currently re-organising our customer service into centres of excellence to focus on these areas, with experts on hand to deal with these different types of complaints. This will help us understand recurring issues more deeply, and provide a faster, better response.

### **Giving businesses better service**

We have also invested over £40m in a new single billing system for our business customers which will enable us to transform the way we work and deliver best in class service. Among other things, it will mean our business customers will get more accurate bills and be able to manage their account online.

I know your team are aware of the problems we have experienced in making the switch to this new system, and the impact on our customer service. We are continuing to invest in additional resource to put things right and are now starting to see service levels greatly improve. We expect to have this issue resolved by the end of this year.

In the first half of this calendar year we are resolving 18% more complaints on the same day that we receive them (ie, at the first point of contact) than we were in 2014 on a like-for-like basis.

Our focus is now on continuing to build on the benefits our new system is delivering to our business customers, ensuring substantial service improvements and an ability to proactively recognise and address issues before they result in complaints.

## **Being proactive**

To tackle the sources of complaints, we have doubled the size of our Root Cause Analysis Team for residential customers. The team focus on understanding and addressing the top issues that make customers dissatisfied.

The insights we gained were an important factor in our decision to start to transform two major parts of our customer service: how we manage customers' accounts when they move house, and how we work out their direct debit payments. Changes to our service mean customers will have a smoother experience when they move home and it will be easier for them to stay with us if they want to after moving. And their direct debit payments will be more even across the year to avoid big adjustments when we reassess them.

The team's work also means we are:

- Using more actual meter readings for bills
- Making it quicker to get a refund
- Making sure pre-payment customers know there's a standing charge to pay even if they're not using any energy

We have been able to focus on recurring issues as well as handling complaints with longer resolution times. Whilst this has impacted our resolution rates, it ensures increased customer satisfaction.

We've also set up a Root Cause Analysis Team for our business customers, using weekly updates from the new billing system that show how we can help business customers most.

It will take time to make all the changes and to show results. But I am confident they will help us prevent complaints happening by spotting the potential causes early, and sort them out faster when they do happen.

We are already seeing the results of the changes in some areas. Our residential energy complaints have reduced by 10% so far this year.

## **Empowering our staff to make decisions**

We aim to embed these changes so they become part of our culture, therefore training is vital. Every year we train our 6,000 people who deal with customers, so they can continue to have better, more effective conversations. That includes handling complaints.

Training in managing and resolving complaints will also become part of how we give advice on any new product or service, making complaints handling an integral part of our service, not a bolt-on.

## **Communicating next steps and timings**

As a direct result of Ofgem's consumer satisfaction research, we have developed an additional training module and system enhancements that will help us:

- Keep residential customers informed about their complaint
- Be clear about what we're doing
- Make sure customers are clear about when we have closed a complaint
- Make sure customers are satisfied with what we have done

This will create a more transparent and engaging interaction with our customers when we seek their acknowledgement that their complaint has been addressed and can now be closed. This will be implemented across our residential business in September.

## **Speed of resolution**

Webchat is now available all week for residential customers and our investments in technology will see a new webchat platform fully deployed by the end of the year.

To resolve complaints faster, we have changed our web page on complaints and the information on the back of our bills. We've also changed our letter telling businesses about the Energy Ombudsman, so their rights and options are clearer.

## **Evaluation**

We now have more feedback mechanisms in place which enable our people to flag specific issues and problems they see in their daily interactions with our customers.

We monitor what proportion of our customer calls, and any other kind of contact, is made up of complaints (the 'complaint-to-calls' and 'contact-to-complaints' ratios). And we monitor Net Promoter Scores where some customers have the opportunity to feed back their experience of customer service. Where a customer leaves a score of zero, we will attempt to contact them to understand why the experience was poor and what we can do to address this.

We have also developed a Net Promoter Survey looking in detail at complaints as well as customer service overall, which is aligned to Ofgem's consumer satisfaction research and will give us continual feedback on how customers feel their complaint has been handled. This will be rolled out in October.

Our senior leaders are responsible for complaints reduction, and now their objectives are tied to getting good outcomes for our customers, ensuring customer experience is at the heart of our decisions.

I hope this demonstrates how seriously we take complaints and how committed we are to continuous improvement in this area. Since I took up the role of Managing Director, British Gas in June, I have been listening carefully to our customers to understand their views and learn how we can continue to improve their experience with us. This is a priority for me and my team and I fully expect the actions and plans outlined in this letter to deliver improvements for our customers. Please do feel free to contact me if you would like any further detail.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Mark Hodges', with a stylized, flowing script.

Mark Hodges  
Managing Director, British Gas