

Mr Dermot Nolan
Chief Executive
ofgem
9 Millbank
London SW1p 3GE

1st September 2015

Dear Mr Nolan,

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

In response to your letter dated 10th August 2015, I welcome this opportunity to update you and our customers on the progress we have made to date. Our ambition to become the number one energy supplier is unchanged and in this letter, as well as providing an update on our progress, I will set out our plans for the future

Number of domestic complaints

Since our last update in October 2014, we have continued to focus on some technical issues related to our billing system. Our actions have resulted in an ongoing reduction in the number of complaints we have received in 2015.

Total complaints received	Q1 2014 – 450,178 Q2 2014 – 368,410 Q3 2014 – 326,139	Q4 2014 – 336,322 Q1 2015 – 285,952 Q2 2015 – 167,471
Complaints received per 100,000 customers	Q1 2014 – 8,303 Q2 2014 – 6,890 Q3 2014 – 6,258	Q4 2014 – 6,568 Q1 2015 – 5,635 Q2 2015 – 3,338
Total complaints resolved	Q1 2014 – 446,606 Q2 2014 – 399,424 Q3 2014 – 341,946	Q4 2014 – 346,186 Q1 2015 – 288,206 Q2 2015 – 175,788
Complaints resolved per 100,000 customers	Q1 2014 – 8,237 Q2 2014 – 7,470 Q3 2014 – 6,561	Q4 2014 – 6,761 Q1 2015 – 5,679 Q2 2015 – 3,504

Resolved within 1 working day	Q1 2014 – 86.12% Q2 2014 – 81.43% Q3 2014 – 84.95%	Q4 2014 – 88.53% Q1 2015 – 88.45% Q2 2015 – 74.4%
Resolved within 8 weeks	Q1 2014 – 94.13% Q2 2014 – 94.43% Q3 2014 – 97.19%	Q4 2014 – 97.44% Q1 2015 – 97.48% Q2 2015 – 95%

An important measure is how many complaints are outstanding after 24 hours – or ‘net complaints’. However, I also recognise that customers need to be fully satisfied with how their complaint is being dealt with so we are now seeing a higher percentage of complaints that are open for longer than 24 hours and have introduced a dedicated team who contact customers once all corrective actions have been completed prior to complaint closure.

I have previously highlighted a number of initiatives we have put in place to improve the billing and transfer processes for our customers. These initiatives have been a significant factor in the reduction of overall complaints received.

Last year, we increased the number of ways customers can choose to contact us to include live web chat and text messaging. Our live chat function has proved extremely popular and so we have expanded the team to 200 people, who have hosted over 260,000 conversations with our customers since January. Text messaging is now used to communicate with our customers in a very simple, quick way so we can provide updates on progress and to share information.

Key improvements and changes

In my last update, I explained how we were focusing on addressing the issues raised and delivering significant changes across npower to improve how we look after our customers. I’d like to take this opportunity to update you on the progress we have made.

1. Customer Transformation Program (CTP)

We’ve continued to improve our processes and this includes introducing a dedicated project team, which focuses on the root cause of customer dissatisfaction. This has resulted in changes to our billing system and processes, including changing the minimum review threshold for direct debit and payment schemes to prevent any small payment change fluctuations. This accounted for a quarter of all the payment changes being made.

We’ve made meter read reminders more customer friendly so customers can now leave a meter read online. They will also only receive an interim bill if they choose to, avoiding confusion which can lead to complaints.

2. IResolve

We recognise the importance of continual good service throughout the time a customer is with us. This also includes how their complaint is being handled.

Therefore, we have carried out a number of initiatives, including:

- Making sure our people are fully equipped to handle complaints more effectively. For example, we closed our contact centres in February to re-brief our people to correctly identify all the signs of customer dissatisfaction.
- Building a specialist team in the contact centre to offer immediate support to frontline people when resolving complaints.
- Moving complaints into one system to create a central point of control – this is currently underway.
- Extending the time a complaint is open to make sure we are confident we have fully satisfied our customers' issues.
- Introducing a dedicated team (Customer Commitment Team) who contact our customers, where required, to confirm they are satisfied they have received everything they need and are happy for their complaint to be resolved.
- Adopting a new complaint management process - so far, 2,000 of our complaints received this treatment, which gives customers a single point of contact for the duration of their complaint. Regular progress updates are also provided.
- Introducing more robust opening and closing codes for our complaints – this has helped us to understand the root cause of complaints and so aid prevention

3. New Way of Working (NWoW)

This program has transformed the way we work by using proven methodology, which is now embedded within our business.

NWoW is based on the 5 lenses and principles of lean management: Process Efficiency, Performance Management, Mindset and Behaviours, Organisation and Skill and Voice of the Customer.

Following its implementation in our Customer Relations team, we have increased our complaint closure rate by 72% meaning our customers experienced a faster resolution to their concerns.

4. Training

As part of our induction for new employees, they complete an intense training period followed by 'on the job' support and coaching to embed knowledge. As part of this training, we have created a module specifically around complaint handling. We also use the modules for our current people as refresher courses and coaching. We've recently introduced a digital platform for our people to use as best practice sharing, such as asking questions and sharing knowledge around their specific field of expertise.

As part of the IResolve implementation, we trained all of our current people to make sure we offer a consistent and improved experience for our customers.

5. Support and tools

Our ultimate aim is to resolve complaints quickly; putting customers at ease that their account is up to date and actions required are taken the same day. The investment in our specialist teams supports that aim, providing advice, guidance and, where required, technical resolution for our advisors so they can resolve a complaint at the very first contact. I recognise that sometimes this is not always possible so we have streamlined the process so if a complaint needs to be escalated to another team for example, this is now much quicker. By providing clear and easy processes for both our advisors, senior advisors and our management team, we have a consistent and efficient process for dealing with complaints that we are not able to resolve immediately. Keeping our customers informed is really important to me so we have introduced varied communication methods to support this. We continue to refine and improve our process following feedback to make sure we are always moving forward to improve customer experience.

6. Feedback

We need to know how our customers feel about the service they have received as this is vital in evaluating our success. With this in mind, we launched a new system called Rant and Rave so we can capture - and use - this information. The system allows customers to comment on their experience and individual feedback to our people on the service they offer. Every month we see around 20,000 pieces of feedback from our customers, enabling us to continue to prioritise our improvement plans. It also helps us review the performance of our people.

An update on our microbusiness activities

Most of our microbusiness customers are serviced by our npower Business area, with a smaller number by our npower Business Solutions segment. In the last year, we developed a single complaint handling policy which covers both domestic retail and microbusiness complaints. This approach ensures that our customers can expect the same level of customer experience in these business areas. We have given extra training and empowerment to our customer facing staff so they can resolve more complaints at the first point of contact. Where this is not possible, they ensure a smooth transition to a dedicated complaints handling team. We have also made changes so we correctly capture all complaint information which we use in our root cause analysis. We will not close a complaint until the customer has agreed it has been resolved to their satisfaction. To support this we use all appropriate communication methods to contact a customer if we need their help with resolving the complaint and we let them know the impacts of them not getting in touch with us.

We are also increasing our focus on the performance of third parties (internal and external) we work with, so their processes and services meet our and our customers' requirements.

However, we know there is still more work to be done to resolve some complaints far more quickly. In these instances, it is important to achieve the right balance and still make sure the customer is completely satisfied. This is working well as already, we're beginning to see a reduction in repeat complaints.

Over the next period we are expecting to see continued improvement in the average complaint handling time and also in the number of complaints we receive as a result of all of the above initiatives.

Resolution of Complaints – Audit

Last year, an independent assessment of our processes was completed by PricewaterhouseCoopers (PwC) to determine if a complaint had been fully resolved for our domestic and microbusiness customers. PwC not only reviewed our processes, but also how we, ourselves, monitor our complaint resolution procedure. In my last letter I stated that the results of the audit would allow us to put together an action plan to address any areas identified as requiring improvement. As part of the review of this action plan, it was determined that the majority of the areas were already being addressed within the transformation of the complaints journey through IResolve.

I feel we are making significant improvements within our customer services. However, this is an ongoing journey - and I know there are still areas where I want to improve to make sure we are delivering a first class customer service. Our website will be updated with a copy of this letter in line with our domestic complaint reporting in the next week.

Yours sincerely

A handwritten signature in blue ink, appearing to read "P. Massara", with a large, sweeping flourish above the name.

Paul Massara