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Dear Dermot

**Open Letter – SSE – Customer Satisfaction with Suppliers' Complaint Handling**

I am pleased to provide a progress report on the commitments we made in our letter last year and how we are embedding these changes and evaluating their success.

As acknowledged in my last letter, I shared your disappointment at the results of the customer satisfaction research. I want SSE to be instrumental to raising the bar in this area, by ensuring that SSE's own standards are raised to set a high benchmark for the rest of the industry. The key improvements we have made over the last 12 months have included:

- A voluntary reduction in the timescale for signposting customers to the Ombudsman from 8 weeks to 6.
- Creating a 'Centre of Excellence' for domestic customers.
- Redesigning our complaint escalation process.
- A 30% reduction in the number of letters sent signposting microbusiness customers to the Ombudsman
- Recently published new quarterly data by the Ombudsman showed SSE's actual volumes of complaints accepted reduced from Q1 to Q2, with complaints accepted per 100k customers falling from 4.16 to 3.98.

We have been striving to improve our complaint handling performance and we believe resolving complaints efficiently is in the customers' best interests. This was the driver for us in making the decision to signpost customers to the Ombudsman at 6 weeks instead of 8. This has the benefit that our customers do not have to wait so long for a resolution to their complaint. We are aware that a delay in resolution can be frustrating for customers. When we introduced this improvement, we were concerned that this might have the effect of increasing our volume of complaints to the Ombudsman.

However, we have been encouraged to note that during Q2 we have instead seen a reduction in the number of Ombudsman complaints received. Another initiative we have implemented to improve complaint handling performance and to reduce resolution times was to focus on deadlocking customers sooner where appropriate. Consequently, the number of Ombudsman complaints that we have deadlocked has risen from 32% to 40% since this time last year.

SSE continues to perform far better than the rest of the industry, accounting for around 2% of all Ombudsman complaints in March 2015 despite having a market share of over seven times that amount.

We attribute our performance, in part, to the improvements that we have made in this area over the last 12 months, which were set out in my letter to you of last year. In that letter, I explored a number of different themes under which improvement would be made and this update refers back to these same themes.

#### **Improve customers' experience of the complaints process**

We mentioned in our previous letter our plans for comprehensive improvements to our current complaint handling process and the development of a new complaint management system. This project is underway and the early design phase to capture requirements is progressing well. However this is a significant IT project, and comes at a time where our resource is constrained for delivery of key projects such as Nexus. Whilst I had hoped we would be able to deliver the new complaints management system sooner, this is currently scheduled to deliver by September 2016. However, I am confident that whilst the new enhanced system is in development, our current system will still continue to ensure the ongoing and effective management of complaints.

As previously advised, we have a longer term goal to achieve accreditation to the ISO 10002 Customer Satisfaction and Complaint Handling standard, initially for our Customer Relations department. Earlier this year, to aid our understanding of the requirements for ISO 10002, we engaged with an external auditor from the British Standards Institute (BSI). This helped to shape the planning of our new complaint management system and we are aiming to take this accreditation forward next year once the new system has been implemented and embedded.

Meantime, we have introduced more immediate improvements to our complaint handling process, part of which was the redesign of our escalation process and the creation of a 'Centre of Excellence' for our domestic customers. This involved identifying business experts with specialist skills, increasing the number of complaint handlers and ring-fencing teams to deal with complex subjects such as specialist billing and electric heating. The teams in our 'Centre of Excellence' will be supported by additional coaches on the floor to assist with escalation and resolution of complaints.

### **Enabling employees to respond effectively to complaints**

In order to enable employees to deal with complaints more effectively, we will have completed the roll-out of the new redesigned escalation process by the end of next month.

Along with continued investment in our systems and improvements to our complaint handling process, we have an ongoing employee engagement programme. The focus of this programme is on raising employees' knowledge and understanding of our commitments to customers, including our Service Guarantee. "Treating Customers Fairly" (TCF) is at the heart of this programme and we are also currently reviewing our Service Guarantee process, to make it easier to make referrals and, therefore, deal with customer enquiries more effectively.

Furthermore, we recognise that employee knowledge and behaviour is crucial to providing the best possible service and subsequently keeping complaints to a minimum. We are therefore investing in a staff engagement programme and additional support to ensure that all employees are equipped to deal with enquiries and complaints effectively, being mindful of the need to close complaints quickly but appropriately for customers. This is a culture based programme, where customers will be put at the heart of all we do and with staff being encouraged to bring early resolutions for customers, with an enhanced focus on support for customers in vulnerable situations, complex billing and complaint handling techniques.

We recognise that there will be times when more complex queries require expert knowledge and therefore specialist training and support will be provided in key areas. This includes the development of bespoke modules, supported by real life scenarios which employees can relate to. This is reflective of our service value and, in conjunction with our Centre of Excellence, will allow us to continue to improve our service for customers. In terms of delivery, our induction training will be enhanced by December 2015, employees in support areas linked to our Centre of Excellence by March 2016 and the remaining employees by the Summer 2016.

Along with improved and more specific training, Phase 1 of our redesign of the complaint handling process ensures that all written complaints for domestic customers are handled in one business area, as is already the case for micro business customers. Phase 2 includes streamlining of our front-line escalation process so that local escalation sites can refer complaints to the 'Centre of Excellence' if they are unable to resolve the complaint on day 1. Our Centre of Excellence now acts as a specialist advice line to support our local escalation teams and the coaches and additional floor support. We will continue to be guided by our Standards of Conduct obligation as we implement these changes.

In relation to our Complaints Handling Statement (CHS), an initial review of this was carried out in April 2015 in order to ensure it is in line with our current complaint handling process. As a result of this review and feedback from customers we clarified the process for customers contacting the Head of Customer Service. A fuller review will be initiated following completion of the roll-out of the re-designed escalation process next month.

### **Tackling the root causes of complaints**

As mentioned in our previous letter we have already carried out a significant amount of work to improve the customer experience through our 'Customer Contact and Complaint Reduction' programme, which we completed earlier this year. In addition, in April 2015 we introduced a number of Continuous Improvement Hubs, focusing on key areas of the customer journey, with a view to making it easier for customers, removing the frustrations customers experience and the reasons many customers complain. We currently have 40 staff recruited to these Hubs, with a plan to increase this to 50 over the coming months. We have already seen some benefits, with 17 improvement initiatives already delivered and a further 64 in development, all of which will make things simpler and easier for customers. This includes a specific Complaints and Vulnerable Customer Improvement "Hub". This Hub works with other business areas and Hubs to drive continuous improvement in our processes and approach. Using analysis of the top causes of complaints and feedback from customers via our TCF Customer Forums, this team is responsible for highlighting to and working with the relevant business areas to deliver projects to further improve the customer experience and to drive efficiency.

Furthermore, we encourage all employees to pro-actively tell us where we can potentially do more for our customers through various channels including our Fairness Feed (a microsite) and our new "Voice it" forums. We recognise that our frontline employees provide a valuable source of information on where things might be going wrong for customers and areas where we can improve our customers' service and address faults quickly to ensure that customers receive a consistent and high level of service from SSE. This in turn should help reduce our complaints levels. We therefore encourage our employees to be open and honest with their concerns. Fostering this environment of trust and openness has provided us with a very valuable source of MI for complaint handling, and more generally for the purposes of our approach to embedding TCF.

### **Sticking to SSE's Service Value**

Through our ongoing employee engagement programme we are strengthening our existing service value commitment through ongoing awareness and engagement activity, to continually embed TCF.

We made a commitment in our TCF Statement, published last year in August 2014, to introduce a dedicated TCF Management Panel that would work to ensure fair treatment of our customers is reflected in our procedures.

We established our TCF Management Panel in January 2015, chaired by Tony Keeling, Lead Director for Customer Service and Sales and attended by Directors and Heads of Business from both Retail and Micro Business. The Panel meets regularly and is committed to ensuring fair treatment of SSE customers is reflected in our culture, behaviour and decision-making.

Following the creation of the Panel, it was agreed that business areas would monitor and assess a range of key customer outcome measures that would allow SSE to record and monitor performance, customer service and compliance. Business areas submit their performance against the agreed metrics, which include the top 5 causes of complaints and other complaint management information. This is then collated and published to all Panel members ahead of the Management Panel meeting. Members are allocated time at the Panel meeting to provide a business update, share plans and provide an overview of their metrics.

We recognise complaints are a key measure for TCF. Management information relating to our complaints performance is shared, and a verbal update is provided by the Head of Customer Relations, at the Management Panel meeting. Findings are shared on a regular basis with the Retail leadership team, Executive Committee and the Board.

We will provide a fuller picture to Ofgem on the work of TCF Management Panel through dialogue with the Ofgem team working on that issue, although we would be happy to provide further information meantime if you would find that helpful.

#### **Working with Ofgem and the Ombudsman Service**

As noted above, we have worked closely with Ofgem and the Ombudsman Service over the last year on trials to improve communications for signposting customers to the Ombudsman earlier in the complaint handling process. As a result, on 1 April 2015 SSE became the only energy supplier to signpost customers to their right to contact the Ombudsman at 6 weeks rather than 8 weeks. Our goal is to improve the customer experience, resolve complaints sooner and give greater transparency to customers of their right to contact the Ombudsman.

By signposting customers to the Ombudsman earlier, we have also identified a business need to speed up resolution times and implement remedies for customers as quickly and effectively as possible. We recognise that customers do not want to wait for long periods for a resolution to their problem. This is of key importance to our customers and therefore we consider this to be one of the most important aspects to driving improvements to customer satisfaction with the complaints process, which in turn should improve trust in SSE as their supplier, and ultimately the industry as a whole. Accordingly, we are also aiming to improve our average time to resolve complaints from 6 to 4 days by September 2016.

### **Working to benefit micro business customers**

Our micro business team continues to work closely with our domestic team to ensure learning and best practice is shared between business areas. Regular meetings are held to discuss new initiatives and business changes to ensure both areas are closely aligned in their complaint handling practices. In April 2015 we implemented a more focused approach to feedback and learning, coupled with taking a telephone over email approach to communication. As a result, we have seen a positive impact on our third party micro business complaints. We have also taken a more pro-active approach to resolve verbal complaints sooner. This has led to a 30 % reduction, measured against the same financial period last year, in the number of six week letters being issued, signposting customers to the Ombudsman.

Over the last year, specialist complaint handlers have been appointed to take ownership of ongoing micro business complaints. This prioritises contact; increases communication and visibility; and ensures promises made to customers are kept and the correct actions are taken.

We are constantly striving to improve customer service for our micro business customers and by continuing with the above focus we are expecting to see 10% reduction in the number of third party and written complaints 1<sup>st</sup> April 2016.

### **Focusing on enduring solutions and future targets**

In evaluating the success of the improvements and changes we have implemented to date, we consider our overall complaint handling performance to be a key measure of this. Having achieved a reduction in the number of Ombudsman complaints received by SSE during Q2, coupled with our continued first position in the Citizens Advice league table, we are confident this provides a positive indicator that we are starting to see a difference for our customers. But we know that we cannot become complacent in this area – I am committed to ensuring that we continue to focus our efforts to further improve our complaint handling performance and to manage our complaints as effectively as possible.

Therefore, I have personally set our Operations Director an ambitious target for March 2016 to reduce the number of customers seeking advice from third parties to improve our customers' experience and ultimately our CAB scoring.

Along with this, over the next 12 months we will be further reducing the timescale for signposting customers of their rights to contact the Ombudsman to 4 rather than 6 weeks, as previously mentioned. Thus cutting the time by 50% compared to the industry standard. Also, we have a target to improve our average time to resolve complaints from 6 to 4 days for domestic customers. We have committed to both of these improvements in our recently published TCF Statement for domestic customers.



I welcome Ofgem's continuing commitment to research customer satisfaction in early 2016, and will look forward to reviewing the results in due course.

I hope that above helps underline to you that SSE is committed to making continuous improvements to our performance in this area, as well as our overall service for customers. I will, of course, provide my ongoing personal support to ensure our complaints initiatives are progressed as quickly as possible.

If you would like any further information or if you require any clarification I would be happy to discuss this with you. As before, I will be publishing this letter on SSE's website.

Yours sincerely

A handwritten signature in blue ink, reading 'Alistair', with a horizontal line underneath.

Alistair Phillips-Davies  
Chief Executive

