



FINANCIAL SERVICES COMPLAINTS LIMITED

HOW TO IMPLEMENT

A COMPLIANT INTERNAL COMPLAINT RESOLUTION PROCESS

and

THE PROCESS TO INCREASE THE CHANCES OF EARLY RESOLUTION WHEN A COMPLAINT IS RECEIVED

A PRACTICAL GUIDE FOR MEMBERS OF FSCL

About the Author of this Guide

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Trevor holds a Masters Degree in Conflict Resolution from La Trobe University and is a qualified mediator and negotiator.

In addition to his regular occupation Trevor has conducted numerous workshops and presentations on complaint handling in Australia, New Zealand, South Africa and the UK.

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Introduction

The introduction of the Financial Service Providers (Registration and Dispute Resolution) Act requires all financial service providers (FSP) to be registered and to be members of an approved external dispute resolution scheme (EDR).

The legislation also says that FSP should have a robust internal complaint process. Further, generally speaking, one of the conditions of membership of an EDR scheme is that the FSP must have a process that meets certain benchmarks. Membership of FSCL requires the FSP to have a compliant internal complaint process.

The purpose of this manual is to provide a member of Financial Services Complaints Limited (FSCL) with information and practical guidance on how to implement a robust and compliant internal complaint process and the steps that need to be taken when a FSCL member receives a complaint to increase the chances of an early resolution.

The first part of the manual looks at the International and Australian Standard on Complaint Handling AS ISO 10002 and how to establish an internal complaint process that meets the overall principles of this Standard. There is a simple checklist to help ensure all steps have been covered.

The second part of the manual provides a practical step by step approach to the actions a FSCL member should take when a complaint is received, to increase the likelihood of early resolution. There is also a check list for this process that can be copied and used each time a complaint is received.

Although this guide provides tips on basic complaint handling skills it is primarily a process guide. Complaint handling skills are covered separately in workshops conducted by Trevor Slater for FSCL.

As well as being a compliance requirement for all FSP, a good quality internal complaint handling process is an essential part of good business. It provides a means of reducing costs by minimising the chances of a complaint escalating to FSCL or a Court. It is also a recognised way of obtaining valuable information that can be used to improve business operations as well as increasing customer satisfaction levels. Most importantly a good internal complaint process shows that you and your business are a professional operation.

A recent survey undertaken in Australia by the TMI Group showed that when a complaint is handled well 97% of people are quite likely or very likely to tell others of their good experience. On the other side of the coin 95% are quite likely or very likely to tell others of a bad complaint experience.

“I have never had a complaint.”

Unfortunately this statement is made too often by business operators both in the financial industry and elsewhere. From a business point of view this is quite disturbing. There are two main reasons for this.

Firstly, if the definition of a complaint (see page 5) is properly applied then it is very unlikely a person in business has **never** received a complaint. What is quite likely the case is that such a person does not know how to recognise a complaint and in business that is a problem.

The second reason is if you are not receiving complaints from your customers (albeit only Level 1 complaints – see page 5) then your customers are complaining to someone else, such as their friends or family. This will damage your reputation and business and you may even lose the customer and never know why. For a business to be a long term success story you need to know what your customers feel about your products or services.

Put simply you want to know about your customers' complaints, otherwise how can the problem be fixed?

“My staff took the complaint and they didn't know the complaint process.”

As is the case with the ‘*I've never received a complaint*’ statement this excuse seems to be used too often.

It is essential that all staff in an organisation have knowledge of your internal complaint process. The International and Australian Standard on complaint handling says that all persons who come in contact with customers should have training in complaint handling.

The level of training will vary depending on the amount of involvement or responsibility a person in your organisation has in handling a complaint. At a minimum everyone should know how to identify a complaint and what to do when a complaint is received.

“I don't expect to receive complaints as soon as I join FSCL.”

This may be the case but it may not as well. With the introduction of the new legislation your customers will be aware that you will need to belong to an approved EDR scheme and that they will be able to refer their complaints to that scheme.

However, as your customer has to firstly raise the complaint with you if you have a good quality internal complaint handling process the likelihood of early resolution is increased and escalation is decreased.

PART ONE

How to Set Up Your Internal Complaint Process

Checklist

Principle and Action	Page Ref	Yes No	Date Completed
Complaint Identification	9		
• Do I know the definition of a complaint?	9		
• Is the definition written down in an easily accessible place?	9		
• Do I know the difference between Level 1 and Level 2 complaints?	9		
• Do I have a complaints register?	10		
Visibility	11		
• Is information on my complaint processes (internal and FSCL) in the initial documents I provide my customers?	11		
• Is information about my complaint process (internal and FSCL) in a prominent place on my website?	11		
• Does the information about my internal complaint process 'welcome' complaints?	11		
• Is information about FSCL easy to find in my internal complaint process?	11		
Accessibility	11		
• Can one of my customers make a complaint verbally, in person, via email and in writing?	11		
• Is there a dedicated email address for complaints?	11		
• Does the information about my internal complaint process make it clear that it is easy to make a complaint?	11		
Responsiveness	11		
• Does my internal complaint process provide immediate acknowledgement of verbal, in person and email complaints (except Level 1 written complaints)?	12		
• Does my internal complaint process provide acknowledgement of written complaints within 5 working days?	12		
• Do I have an auto email response system?	12		
• Am I aware Level 1 complaints can be acknowledged and resolved in the same response?	12		

Principle and Action	Page Ref	Yes No	Date Completed
<ul style="list-style-type: none"> Do the response templates I use have clear information on my internal complaint process including time lines and information on FSCL? 	12		
<ul style="list-style-type: none"> Is there an information sheet on my internal complaint process available for my customers? 	12		
Objectivity	12		
<ul style="list-style-type: none"> Does my internal complaint process provide consistent complaint outcomes so that the process is fair to all my customers? 	12		
<ul style="list-style-type: none"> Can a complaint be dealt with by someone other than the person about whom the complaint is made? 	12		
<ul style="list-style-type: none"> Am I aware that FSCL can provide information on how it would deal with complaints similar to the one I may receive? 	12		
Charges	12		
<ul style="list-style-type: none"> Is it clear to my customers that there are no charges for my internal complaint process as well as if their complaint is referred to FSCL? 	12		
Confidentiality	13		
<ul style="list-style-type: none"> Are my complaint registers and complaint files stored in a secure location? 	13		
<ul style="list-style-type: none"> Am I aware of the importance of keeping complaint information confidential? 	13		
Customer Focused Approach	13		
<ul style="list-style-type: none"> Is my internal complaint process clearly focused on resolving complaints? 	13		
<ul style="list-style-type: none"> Do I understand complaints are an opportunity and not a burden? 	13		
<ul style="list-style-type: none"> Is my internal complaint process properly resourced with all it needs to operate as an important part of my business? 	13		
<ul style="list-style-type: none"> Are all staff who handle complaints, or have a role in my internal complaint process in my organisation, properly trained in how to handle complaints? 	13		
<ul style="list-style-type: none"> Am I and /or senior management of my organisation fully supportive of the internal complaint process? 	13		
Accountability	13		
<ul style="list-style-type: none"> Does someone in my organisation have responsibility for the internal complaint process? 	13		
<ul style="list-style-type: none"> What position in my organisation does this person hold? 	13		
<ul style="list-style-type: none"> Is this person fully aware of the importance of keeping up to date complaint records? 	13		

Principle and Action	Page Ref	Yes No	Date Completed
Continual Improvement	13		
<ul style="list-style-type: none"> Do I analyse Level 1 complaint data at least annually? <ul style="list-style-type: none"> What is the next review date? 	13		
<ul style="list-style-type: none"> Do I analyse Level 2 complaint data at least quarterly? <ul style="list-style-type: none"> What is the next review date? 	13		
<ul style="list-style-type: none"> Do I actively use complaint data to improve my business operations? 	13		
<ul style="list-style-type: none"> Are the improvements made to my business from complaint data recorded? <ul style="list-style-type: none"> Where? <ul style="list-style-type: none"> Complaints Register Separate business improvement file 	13		
<ul style="list-style-type: none"> Do I use complaint data immediately if it is obvious an improvement can be made at that time? 	13		
Staff Knowledge	4		
<ul style="list-style-type: none"> Do all my staff know how my internal complaint process operates and the FSCL requirements? 	4		
<ul style="list-style-type: none"> Staff names: <ul style="list-style-type: none"> 			

AS ISO 10002 – The International and Australian Standard on Complaint Handling

Brief History:

I should firstly acknowledge the extraordinary work done in the area of complaint handling Standards by Mr Bill Dee from Compliance Solutions in Canberra, Australia. A great deal of my teachings on this subject is based on the work he has done and I thank him for his willingness to share his knowledge with me.

In 1995 Standards Australia first published a Standard entitled *Complaints Handling* (AS4269-1995). The Standard was created “in response to the call from professional and other organisations for assistance in what is now accepted as an essential component of quality management” (AS4269-1995, Page 2 – preface).

The Standard set out what are the essential elements of effective complaint handling as well as implementation of these elements. It also provided information on the procedures for handling verbal and oral complaints, minimising disputes and dispute resolution basics.

In the following years this Standard was reviewed and modified and formed the basis of the International Standard 10002. After some minor modifications this international standard was adopted as the Australian Standard and in April 2006 AS ISO 10002 ‘Customer Satisfaction – Guidelines for Complaints Handling in Organisations’ was released.

Generally speaking 10002 is a higher standard for complaints handling than 4269. It is more prescriptive but the requirements are not overly difficult if applied with some common sense.

Overview of AS ISO 10002:

There are nine Guiding Principles in 10002. They are:

- Visibility
- Accessibility
- Responsiveness
- Objectivity
- Charges
- Confidentiality
- Customer-focused approach
- Accountability
- Continual improvement

Description and details of these principles are well covered in the Standard and I recommend that all members of FSCL should obtain a copy from the Australian based company SAI Global.

The webpage address to purchase the Standard is:

<http://infostore.saiglobal.com/store/Details.aspx?ProductID=341668>

However, this guide is not designed to examine each aspect of the Standard in detail. It will look at how to apply the guiding principles from a practical point of view for the business of a member of FSCL.

Applying the complaint handling Standard AS ISO 10002 to a Business Model

What is a complaint?

The first step a scheme participant must be able to do is identify when a 'complaint' is being made. As per the Standard a complaint is defined as:

An expression of dissatisfaction made to an organisation, related to its products, or its complaints-handling process itself, where a response or resolution is explicitly or implicitly expected." ("Product" also means "Service").

Put simply a complaint is when a person expresses dissatisfaction about something you have done and they require or indicate or infer that they want something to be done to address their dissatisfaction.

For a complaint to exist it does not require your customer to use the word 'complaint'. For example, a customer saying *"The letter you sent me went to the wrong address and I'm not happy"* is a complaint and should be treated accordingly.

Having said this there are complaints and there are **complaints!**

Level 1 and Level 2 Complaints

One view on this is that a complaint can be classified as either a Level 1 or Level 2 complaint.

A Level 1 complaint can be dealt with and the problem fixed quickly and without major work. Some organisations class Level 1 complaints as being those they can resolve in five business days or earlier, while others may say a Level 1 complaint is one that is resolved in the same day.

My view is a Level 1 complaint is one that has an obvious and easy resolution and requires little investigation and extraneous work. The resolution can be provided to your customer quickly.

A Level 2 complaint is one that does require you to do some extra work, such as interviewing your customer, talking to your staff, undertaking some research and investigation on why the problem has occurred as well as providing a full explanation and suggested resolution. In other words a Level 2 complaint requires investigation and negotiation to bring it to an acceptable conclusion.

Keeping a Record of Complaints Received

Although the requirement of keeping a record of all complaints received is covered by the Standard Guiding Principle 'Accountability', it is worth mentioning this requirement in more detail at this point. After all it should be the first step in an internal complaint process once a complaint is received.

The recording method will be different for Level 1 and Level 2 complaints.

Level 1 Complaints: It is quite acceptable to use a simple recording method for Level 1 complaints. It could be paper based or via a computer programme. Customer details should be recorded along with the details of the complaint and the outcome or resolution provided.

To assist in improving the business operations Level 1 complaint records should also identify what problem, if any, caused the complaint and the action taken to fix the cause of the problem.

Level 2 Complaints: More comprehensive records need to be kept for Level 2 complaints. There is a number of reasons for this including potential audit requirements. However, one of the main ones is that if the complaint escalates you have a good record of the actions taken and a file that can be easily made available to FSCL for its investigation. If you keep good records in the first instance you will be able to respond to FSCL promptly and without the need to undertake a great deal of further work.

Each Level 2 complaint should be a separate complaint file and identified by some form of numbering system. It should contain not only all customer details and details of the substance of the complaint but also copies of all documentation and correspondence including file notes of the actions taken. If the complaint is not resolved evidence showing information on FSCL was provided to the customer should also be on file.

As is the case with a Level 1 complaint, when a Level 2 complaint is finalised either by resolution or referral to FSCL an analysis of the cause of the complaint should be undertaken and the results of the analysis used to improve business operations. More information on using complaint information to improve your business is contained in Part 2 of this manual.

A summary register of Level 2 complaints should be kept. This register should contain basic information including the unique number identifying the complaint.

Storage of all complaint records must be kept in a safe and confidential location.

Guiding Principles

As mentioned the Standard has a set of Guiding Principles. Following is a brief description of each Principle and the practical steps you need to take to have an internal complaint process that meets each Principle. More information on applying each Principle is contained in Part Two of this guide - *What to do When a Complaint is Received*.

Visibility

You should make information on your complaint process easy for your customer to be able to find.

- A short statement about your complaint process must be included in correspondence to the customer. This should be done preferably in the early stages of the relationship with your customer. For example, in your financial services guide or disclosure documents.
- It should not be only after a complaint is made.
- Details of your internal complaint process should be on your website preferably on the front page and in any brochures or other publications.
- This information should clearly invite your customers to make a complaint to you if they are dissatisfied with the service or product you have provided.
- The word 'complaint' should be used rather than such terms as 'feedback'. Complaint has an unambiguous meaning to the public.

Accessibility

Your complaint handling process must be readily accessible to all your customers.

- This process must be flexible in the methods of accepting a complaint.
- Your customers must be able to make a complaint verbally (telephone, in person) or in writing (letter, email, fax).
- To avoid ambiguity and to have a record of the complaint it is preferable that your customer makes a complaint in writing. However, if your customer is not able to do so or doesn't want to, you must accept a complaint made verbally.
- Your internal complaint process and supporting information should be easy to understand and use.
- A dedicated email address for complaints can be used in larger organisations.
- In simple terms accessing your internal complaint handling process should be easy and not require your customer to 'jump through hoops'.

Responsiveness

You should acknowledge all complaints immediately and deal with them in a timely manner without unnecessary delays. An outline of your internal complaint process including time frames should be

provided when acknowledgement of a complaint is provided to your customer.

- All complaints received in person or via telephone or email can be acknowledged immediately.
- If there is a dedicated email address for complaints these can be acknowledged immediately using an auto response system.
- Complaints made in writing should be acknowledged as soon as possible and no later than five business days after receipt.
- Level 1 complaints (i.e. able to be resolved quickly) that are made in writing can be acknowledged at the time the resolution is provided. This will remove the need to write twice to your customer within a short time frame.
- Complaints should be addressed promptly in accordance with their urgency.
- Realistic but challenging timelines to resolve a complaint should be set.
- Your customers should be treated courteously and be kept informed of the progress of their complaint through your process.
- An information sheet can be prepared and provided to your customer as a means of providing sufficient information on your internal complaint process.

Objectivity

You must consider all complaints on their individual merits with emphasis placed on solving the problem and not on assigning blame.

- Although all available evidence must be taken into account when dealing with a complaint you should also take a resolution focused approach rather than trying to prove who is right and who is wrong.
- The personal background of your customer should not influence the outcome of a complaint.
- Generally speaking complaints of a similar nature should be dealt with in the same way and consistency should be aimed for.
- There are some exceptions to this which may include taking into consideration compassionate grounds or the low monetary value of a complaint.
- If possible a complaint should be dealt with by a person not connected to the complaint. This can be difficult in a small to medium business but should be aimed for.

Charges

You cannot charge a customer to investigate and resolve a complaint.

- This includes any costs associated with doing so such as photocopying their file.
- You cannot pass on any of the costs associated with a complaint that is handled by FSCL.

Confidentiality

Personally identifiable information concerning your customer's complaint should be kept confidential.

- You should protect your customer's complaint information from disclosure.
- This includes storing the complaint register and other information in a secure location such as a locked cupboard.

Customer-focused approach

You should have a customer-focused approach to complaint resolution and your internal complaint process should support this.

- You should be open to feedback including complaints.
- A commitment to resolving complaints should be evident by your actions.
- You should see complaints as an opportunity not as a burden.
- Senior management of any organisation must support the aims and objectives of the internal complaint process.
- This process must be sufficiently resourced including appropriately trained people to handle complaints.
- It is essential that all staff who handle complaints or are involved in the process must be trained in complaint handling. The level of training will vary depending on the amount of involvement a person has in your internal complaint process.

Accountability

Your internal complaint process should have a proper and suitable reporting system. There should be a person in your organisation who takes responsibility for the process and manages it accordingly.

- There must be a dedicated person with complaint handling experience or skills to run your process regardless of the size of your business.
- Complaints must be recorded in a way that they can be easily referred to for audit purposes and analysis of systemic or serious issues and the complaint register kept up to date.

Continual improvement

A good internal complaint process is a vital business tool. Analysing complaint information should be undertaken and used to improve business operations.

- Regular analysis of complaint data should be undertaken to identify complaint trends and to rectify problems.
- For trend analysis, data from Level 1 complaints should be analysed on a regular basis, e.g. monthly, and for Level 2 complaints at the finalisation of the complaint.
- If the root cause of the complaint is clear when the complaint is finalised rectification actions should be taken at that point.
- Fixing the cause of the complaint will help minimise the likelihood of a recurrence.

PART TWO

What to Do When You Receive a Complaint

Checklist

(Copy and use each time a complaint is received)

Principle and Action	Page Ref	Yes/No Action
Complaint Identification	17	
• Is this a complaint?	17	
• Have I clarified that it is a complaint?	17	
First Reaction – Listening	17	
• Did I listen to what my customer had to say and not argue or respond defensively?	17	
• Have I made notes to help me concentrate on listening to my customer and for future reference?	17	
Acknowledgement of the complaint	18	
• Have I acknowledged the complaint immediately (if it was verbal, telephone or email)?	18	
• Have I acknowledged the complaint within 5 working days (if it was in writing)?	18	
• Did I provide information to my customer about my internal complaint process including the actions I intend to take and the time frame for these?	18	
Ask questions	19	
• Have I found out the resolution my customer wants?	19	
• Have I been able to identify any other actions my customer wants me to undertake (such as providing an explanation)?	19	
• Do I have all the information from my customer to fully investigate their complaint?	19	
• Did I show by my questions that I am interested in what my customer is telling me and that I want to try to fix the problem?	20	
Investigate	20	
• Do I need to investigate this complaint or can I resolve it quickly?	20	
• Have I spoken to all the staff that I need to?	20	
• Have I explained to the staff involved the process I am following?	20	
• Has my investigation been thorough and obtained all the information I need to make a decision?	20	

Principle and Action	Page Ref	Yes/No Action
<ul style="list-style-type: none"> Have I made and kept good records of my investigation? 	20	
<ul style="list-style-type: none"> Have I undertaken an analysis of the information I have gathered and made a decision on the outcome of the complaint? 	21	
Respond	21	
<ul style="list-style-type: none"> Have I prepared how I should provide my response and kept in mind in what format the complaint was made? 	21	
<ul style="list-style-type: none"> If I am delivering bad news have I undertaken good preparation including how my customer will feel when I inform them of my decision? 	21	
<ul style="list-style-type: none"> Have I tried to consider all possible options that could resolve my customer's complaint? 	21	
<ul style="list-style-type: none"> Have I considered an apology, an explanation or some other outcome that may help address my customer's concerns? 	22	
Provide information on FSCL	22	
<ul style="list-style-type: none"> Have I provided my customer with the contact details for FSCL? 	22	
Record and analyse complaint information	23	
<ul style="list-style-type: none"> Do I have a process for keeping complaint information so that I can analyse it? 	23	
<ul style="list-style-type: none"> Do I have dates diarised to analyse Level 1 complaints quarterly? 	23	
<ul style="list-style-type: none"> Do I have a process for analysing complaint information from Level 2 complaints at the finalisation of the complaint? 	23	
<ul style="list-style-type: none"> Have I undertaken an analysis of this complaint from an objective point of view? 	23	
<ul style="list-style-type: none"> Have I identified from my analysis of the complaint information any area of my business that could be improved? 	23	
<ul style="list-style-type: none"> Have I fixed these problems? 	24	

Introduction:

When an FSP or in fact any person receives a complaint or has a complaint made against them it is very easy to respond in a way that will cause the complaint to escalate and not be resolved early. This is because it is human nature to defend or fight when criticism is levelled at you.

Unfortunately this will often result in a timely and costly exercise.

Picture this. A long term customer to whom you have provided good service over a long period calls you. He complains that the financial advice you gave him has recently resulted in a loss which he is very unhappy and angry about. In the past your advice had made your customer money and the main factor of the current loss is due to the downturn in the market.

How would you react?

I would suggest that many FSPs would be annoyed by this type of complaint, bearing in mind the high level of service that has been provided and the gains made in previous years. It would not be unlikely that a response from the FSP could be something like:

“It’s not my fault and I’m not going to make up your loss.”

The problem with this type of reaction which, as mentioned, is quite normal human behaviour, is that it will not resolve the complaint. In fact it will more than likely cause it to escalate and possibly end up being decided by FSCL or a Court of law.

This is because it is a highly defensive response and also assumes the customer is seeking financial retribution when this may not be the case.

Good complaint handling has two underlying aspects that need to be always present. They are:

- ***It’s not important who is right and who is wrong. There is a problem, how can it be resolved?***
- ***The understanding of what the customer expects or wants to resolve the complaint.***

A good quality internal complaint process will have these two aspects built in and if followed properly will not result in the above type of response being provided.

It should be noted at this point that to maximise the possibility of resolving a complaint properly and fully and increasing customer loyalty a good internal complaint process alone is not enough. The person in an organisation who is

responsible for looking after complaints should have undertaken some skills training in complaint handling and/or dispute resolution.

Responding to a Complaint

1. Recognising that a complaint has been made.

It is very important that you are able to recognise when a complaint has been made, as opposed to an enquiry or just a customer venting. As set out on page 9 of this manual a complaint is:

An expression of dissatisfaction made to an organisation, related to its products, or its complaints-handling process itself, where a response or resolution is explicitly or implicitly expected.” (“Product” also means “Service”).

Put simply a complaint is when a person expresses dissatisfaction about something you have done and they require or indicate or infer that they want something to be done to address their dissatisfaction.

Sometimes it can be a little difficult to know whether you have received a complaint or just an enquiry, in particular when a person does not clearly state the resolution or outcome they are seeking. However, what is clear is that a customer does not have to use the word ‘complaint’ before you recognise a complaint has been made. A customer just needs to express dissatisfaction about something you have done and be looking for you to do something about it.

If in doubt treat the contact from the customer as a complaint and seek to clarify the situation.

2. Listen and don’t overreact.

As mentioned it is very easy and understandable human behaviour to go on the offensive when someone criticises you. However, in business you can’t afford to react this way.

One of the best ways to avoid overreacting is to simply listen and acknowledge what is being said by your customer. Let your customer finish their sentences and resist the temptation to respond immediately or, worse, argue.

Making notes of the conversation as your customer is talking will increase your concentration on what is being said rather than formulating a response in your mind. Taking notes will also provide good reference material for you when investigating the complaint.

Finally, unless you are able to provide the outcome or resolution your customer wants there and then do not try to resolve the complaint at this point.

3. Acknowledge the complaint and tell your customer about your complaint handling process.

This may sound pretty obvious but unfortunately many people don't acknowledge a complaint when it is made or tell their customer about the complaint process. The Australian and International Standard on complaint handling clearly states that acknowledgement of a complaint must be immediate.

This is very easy to do when a complaint is received via the telephone or face to face and probably requires nothing more than saying to your customer you have noted their concerns and will look into them, if you can't resolve them immediately.

If a complaint is made by letter, fax or email you must acknowledge receipt and tell your customer the actions you are going to take. If you have an email system for complaints an auto response is one way of acknowledging receipt of a complaint immediately.

In any case acknowledgement of all complaints should take place within 5 working days.

The information provided to your customer about the actions you are going to take should be clear and concise. A standard letter or a brochure that describes your complaint process is well worth considering.

As well as letting your customer know the actions, you must tell them the time frame for these actions. It is very important you stick to these time frames and if unable to do so contact your customer and let them know why the time frame has changed. People who make a complaint are in most cases happy to wait for an outcome if they know what is happening. On the other hand if a customer is kept in the dark they will become annoyed thus making it more difficult to reach a resolution.

Part of the information you provide at acknowledgment stage should be that you are a participant of the FSCL dispute resolution scheme and that your customer has the right to refer a complaint to FSCL if they are not satisfied with the outcome you have provided.

The investigation of the complaint and your response must be fully completed within 40 days and it is preferable it be completed well before this time frame.

As is the case with all of your internal complaint handling processes, all staff in your business must be aware of these acknowledgement and complaint process description requirements.

4. Ask questions

Asking questions is important for many reasons. Carefully worded questions will help you to clarify what the complaint is about and more importantly the resolution your customer wants. If you do not ask questions you may never know the outcome that is being sought.

You should try to ask questions that will provide you as much information as possible but not in a manner that makes your customer feel that you are interrogating or arguing with them. For example,

“What part of your investment do you feel has made a loss?”

or

“Are you unhappy with all of your investments or do your concerns relate to only some of them?”

This type of question will help you to understand if your customer is unhappy about all or some of your investment advice without making them feel you are trying to avoid responsibility.

Another good questioning method is to ask clarifying questions. For example,

“So that I am clear on the concerns you have can I just check that I have the facts right?”

You would then follow this question with repeating some of the information your customer has provided you and clarify any information that they have provided.

This not only ensures you have got the facts right but also shows your customer you have listened to what they had to say.

Finally the most important questions to ask are those that elicit the outcome your customer is seeking. These must be asked in a manner that shows you are genuinely trying to find out what actions you can take to fix the problem.

A question like, *“What do you want me to do about it!”* is not the way to find out what your customer is seeking. More suitable questions would be something like,

“What would need to happen to fix this problem?”

“What steps would you like me to take next?”

“How would you like to see your complaint resolved?”

“Is there any further information you need at this stage to help to address your concerns?”

“How can I (help) resolve your complaint?”

The main thing to remember when asking your customer questions about their complaint is to do so in a way that shows you are interested in what they are saying and that you want to help fix the problem or address their concerns.

5. Investigate (if necessary)

It will not be necessary to investigate all complaints you receive as many will have an obvious answer. In fact it is quite likely that most of the complaints you receive will be quite easily resolved without investigation.

In cases where an investigation is warranted, such as a complaint made against one of your staff or a company you have acted as agent for, it is important an investigation is done properly.

Investigation is all about gathering information, assessing that information, comparing it to the complaint information and making a decision on the actions to take.

An investigation can be done informally (asking questions, checking files etc) or formally (obtaining written statements, sourcing official records etc) and both can produce the results you need. However, in both cases there are some essential elements including:

- Be thorough. Make sure you look into all aspects of the complaint and gather the information you need. Don't dismiss any part of the complaint as being frivolous and not requiring investigation as this may turn out to be the most important aspect of the complaint from your customer's point of view.
- Don't be afraid to ask those hard questions of your staff and other persons. Remember you need all the information to make a balanced decision on the complaint outcome.
- When asking questions of your staff or other persons explain why you are doing so and in particular that you are investigating to avoid making assumptions. Further, you may need to explain that you are not looking to blame anyone but rather looking for ways to resolve the complaint.
- Keep good records of your investigation and don't rely on your memory, in particular of any informal conversations you have. This will help you prepare your response to your customer and can be referred

to as required. It will also provide a good basis for your response if the complaint escalates to FSCL or a Court.

- Once you have gathered all the information, analyse it and make your decision on how you will respond to your customer.

6. Respond

Delivering your response to your customer is far easier if you are going to agree to the resolution they are seeking. However, this is not always possible or only possible in part. If this is the case you will need to prepare for how you are going to respond.

Firstly, one of the most important things to always keep in mind is how you provide your response.

If your customer has taken the trouble to write to you then writing back to them will increase your chances of your response being accepted. Likewise, if they have telephoned you then via the telephone is the way to provide your response.

This works because people like to be corresponded with the way they have corresponded with you. So be aware of how they raised the complaint and respond in the same manner.

If you need to change the way they respond, for example responding to a verbal complaint in writing so you have a permanent record, then seek their agreement to do so or explain why you need to.

Delivering bad news is never easy but good preparation will help.

Make sure you have all your investigation results available and provide a clear explanation why you cannot agree to the outcome your customer is seeking. Simply saying, “*no I can't do that*” will guarantee to upset your customer and more than likely cause the complaint to escalate.

Whilst nobody likes hearing ‘bad news’, if it is done with respect, in a way that is clear, has a basis for the reasoning and shows you have done a proper investigation and that you have considered their complaint fully, then the chances of your customer accepting your decision are greatly increased.

As a way of ‘checking’ how you are going to deliver your message take some time to consider how you would like to hear or receive the decision. For example, if you were your customer what information would you need to be provided with and in what manner would you want to receive it, to make it as acceptable as possible?

Finally, a word on possible outcomes you can offer. Research statistics, and more importantly, experience, shows us that in the vast majority of cases it is not a monetary solution a person making a complaint wants.

On the top of the list is an explanation of why the problem has arisen, an apology, an acknowledgement or understanding of the problem and a willingness to listen and help to rectify the situation.

It is very worthwhile keeping this in mind as the possible real outcome your customer is seeking.

7. Provide information on EDR

It is a requirement of being a member of FSCL that you must inform your customer of their rights to take an unresolved complaint to FSCL.

This information must be given to your customer when you provide information on your complaint process as well as when you have completed your investigation and given your final response to your customer.

Full contact details such as telephone and website address should be provided. The FSCL contact details are:

Website: www.fscl.org.nz

Email: info@fscl.org.nz

Telephone: (Call Free for consumers) 0800 347257
(04) 472FSCL (472 3725)

Fax: (04) 472 3727

Postal Address:
PO Box 5967
Lambton Quay
Wellington 6145

8. Record and analyse complaint information

In addition to being a compliance requirement and delivering professional customer service one of the major benefits of a good quality internal complaint process is that the information obtained from customers who complain can be used to improve how you operate your business. The first step to doing so is to keep full records of all complaints.

For Category One type complaints (i.e. those that are fixed quickly) a simple entry in a record book or a simple data base is quite acceptable.

For Category Two (more complex) complaints all records should be kept in hard copy or electronically. A summary register of these complaints should also be maintained.

Analysing the complaint information should take place. For Category One complaints this could be done on a monthly or quarterly basis. For Category Two complaints analysis is best done at the conclusion of the complaint process.

This does not have to be a difficult task and it can be done in any manner that suits your business. For example, there is no need to have a complex 'root cause analysis' software programme unless you are a large organisation receiving numerous complaints.

However, it is important that you take the time to look at why your customer has complained and see if there is something in the way your business operates that needs changing. The important thing is to not ignore the information obtained from complaints and dismiss it as *'just another complaining customer'*.

There are a couple of key points to doing any analysis properly. The first is to ensure all complaint information is stored in a central place. It will be very difficult to undertake any form of an analysis if individual staff members retain the complaint information. So your complaint handling process must include a centralised system and your staff must be aware of this.

The second key is to undertake the analysis from an objective point of view. If possible have someone undertake the analysis who is not associated with the complaint or involved in its resolution/finalisation. If this is not possible, due for example to the size of your business, then try to be objective by thinking about how a person not involved in your business would view the complaint information and the suggestions that such a person would make to improve your business.

I have seen many examples of improvement opportunities which were identified from the analysis of complaint information. They include simple ones such as mail regularly taking longer than expected to reach a certain

destination and a telephone system that had a low volume making it difficult for the customer to hear the person from the business. These were easily fixed and improved the level of customer service.

More complex problems I have seen were the disclosure document being used by a particular business being unclear and ambiguous and complex and hard to understand the terms and conditions of a product being sold by an adviser. Without these problems being identified via complaint information analysis and rectified the financial service provider could have been in a very difficult position.

The great thing about complaint information is it is free. When you have a good complaint handling process that makes it easy for your customer to complain or raise concerns you will receive information about your business operations that you might not otherwise be aware of.

Remember you want your customer to make their complaint to you because if they don't (or find it difficult to do so) then they will be telling their friends and neighbours about the problems they are having and that will be damaging for your business.
