



## BT Response 'A review of consumer complaints procedures' - Ofcom consultation

### Introduction

1. BT welcomes the opportunity to respond to the consultation 'A review of consumer complaints procedures'.
2. We welcome Ofcom's removal of some of the proposals made in earlier consultations. We are pleased Ofcom recognises that Customer Service is not an 'exact science' and we share the view that it is not Ofcom's role to regulate Customer Service standards and are therefore happy to support an industry agreed complaints definition.
3. We believe that it is right that the focus of the consultation is on ensuring appropriate visibility and awareness of a Communication Provider's (CP) complaints process rather than using prescriptive regulation, especially as it has been recognised by Ofcom that the majority of consumers are dealt with effectively.
4. We support Ofcom's aim to make sure customers are aware of how they can make a complaint. By introducing an Ofcom Code of Practice and establishing basic high-level standards, it should help to make sure complaint-handling procedures are accessible, transparent, and effective to consumers and allow for fair and timely resolution. However, our view is that an Ofcom Complaints Code of Practice should not be prescriptive, as this will limit any potential for CP's to differentiate their service.
5. BT is constantly reviewing its processes and invests a lot of time, resource and training in its commitment to improving and maintaining the level of customer service it provides.
6. Whilst we agree there are benefits to consumers in signposting complaints and Alternative Dispute Resolution (ADR) information on bills and websites, we believe this meets any obligation to make sure our process is accessible and ask Ofcom to reconsider the value of having the information signposted in all product and services terms and conditions and welcome letters. High costs will be incurred if we are required to amend all our existing communications. Additional wording in our business communications would also be required to explain that ADR is not available to larger businesses. Without this additional wording, it may cause confusion and dissatisfaction to larger business customers. We would welcome Ofcom reviewing the suggested wording in paragraph 2 of the proposed code.

7. We are supportive of the view that consumers should have an awareness of ADR, but feel strongly that it is an operational matter and down to the individual CP to decide when in their process, it is appropriate for the customer to be advised of their right to ADR. It is believed that awareness of our ADR scheme is not unduly low and that the ADR schemes have a role to play in promoting awareness.
8. We welcome the clarity regarding the logging of network faults and agree that complaints made, as per the definition, should be logged. This will allow customers the opportunity to go to ADR if appropriate in a timely manner.
9. We are interested to know how Ofcom plan to monitor the compliance of the proposed Ofcom Complaints Code especially as there will no longer be a requirement to gain Ofcom approval of CPs' individual codes. We would also like to understand more about the proposed 'complaints analysis' and welcome more discussion on the publishing of performance data and the perceived consumer benefits of Ofcom providing this data.

#### **BT Response to Consultation Questions**

***Question 1: Do you agree with our definition of a 'complaint'? Complaint means 'an expression of dissatisfaction made by a customer to a Communications Provider related to the Communications Provider's provision of Public Electronic Communications Services to that customer, or to the complaint-handling process itself, where a response or resolution is explicitly or implicitly expected.'***

**Answer.** Yes, and we support a common definition being used across the industry. We are also pleased to see that Ofcom recognises that front-line agents will often need to make difficult judgements based on the individual circumstances of the consumer.

We welcome Ofcom's clarification on the logging of network faults and agree that complaints (as per the definition) about a fault should be logged, allowing the customer the opportunity to go to ADR when and if appropriate. As we understand it, there is no proposed requirement to log all complaints and we have no objection in respect of the situation as outlined in 3.12 (and in Annex 5, page 90) of the consultation whereby complaints about faults fall within the scope of ADR.

We welcome the clarity inherent in the definition in respect of excluding all complaints unrelated to delivery of services and products.

***Question 2: Do you agree that the current approach to complaints handling in the telecommunications market is of sufficient concern to justify a degree of regulatory intervention (leaving aside any concern as to the nature of the intervention)?***

**Answer.** It is encouraging to see that much of Ofcom's own research suggests that overall satisfaction is high with only a small minority of consumers experiencing difficulty with complaint handling. We share Ofcom's desire to improve the experience for all consumers and agree to a proposal for top-level regulatory intervention.

We are pleased that Ofcom recognise that CPs will wish to differentiate their service (in what is a highly diverse and competitive market) and we believe that "light touch" regulation that is not prescriptive is an appropriate approach.

BT does not accept that ADR awareness is unduly low; and that low awareness necessarily equals consumer detriment. It is BT's view that what might be regarded as a low level of general awareness is acceptable, as long as customers are made aware of ADR at the point at which they are eligible to use it. We have major concerns that anything more will result in premature contacts to ADR schemes – leading to: consumer frustration and thus detriment; impact on ADR schemes' service levels; and increasing costs which industry has to bear for no tangible return or "value add".

Our understanding is that Otelos and CISAS' caseloads have increased over the last 12-18 months – which militates against the view that awareness is low.

We note some areas of concern relate more to the mobile sector (where we were surprised to learn that complaints may not be recorded until they reach a specialist team via escalation). Has Ofcom considered a segmented approach where appropriate?

BT places huge focus on good quality complaints resolution at first point of contact wherever possible and doesn't underestimate the impact of a problem for a customer. However, we believe it is important to take into account the context of the Telco market place. Products and services are high tech, efficient and for the most part cheap to consumers. Unlike financial services, for example, telecommunications services are relatively low value and a number of alternative options exist for consumers who may experience difficulties (for example, mobiles can replace fixed lines). This is, we believe, further reasoning in favour of a non-prescriptive approach to any regulatory intervention.

We note the mention of increasing transparency of the performance of complaints handling and we agree that further discussion is required in respect of this area.

***Question 3: Do you agree with the principle that CPs should be required to comply with a single Ofcom Approved Complaints Code of Practice?***

**Answer.** Subject to our view that regulatory intervention should not be prescriptive, and providing Ofcom pursue the establishment of top-level basic standards rather than a set of detailed requirements, an Ofcom approved

Code of Practice (CoP) for all CPs seems appropriate as long as CPs remain able to differentiate their service offerings.

However, we believe Ofcom should look again at a version of Option 2 'Retain the requirement for providers to submit individual codes to Ofcom for approval but issue further guidance on what information a code of practice must contain before Ofcom will provide approval'. Whilst this option may involve additional work for Ofcom, it may have merit in that it enables a greater focus on particular CPs to comply.

If Option 3 is pursued, we believe that it must be limited to high-level principles only.

We are slightly confused in respect of the position on individual Codes. If, as we understand it, the proposal is that they need not be approved what exactly will be the mechanism for ensuring that they are adequate; and how will Codes that are perceived to be inadequate be addressed?

***Question 4: Do you agree with each of our proposed obligations on CPs to ensure that their complaints handling procedures are transparent?***

**Answer.** Broadly, yes, although in our view it is acceptable to include complaints information in a general Code of Practice. With such Codes being easily available on-line, it should not be difficult for customers to access via clear signposting on firms' websites. There is also in our view advantage to consumers by having information about a number of issues (e.g. fault reporting, billing queries, and complaints) contained in one useful document as a point of reference. For CPs, there will be a cost saving.

***Question 5: Do you agree with each of our proposed obligations on CPs to ensure that their complaints handling procedures are accessible?***

**Answer.** Broadly yes. BT already mentions its Code of Practice in its standard residential Terms and Conditions. These are available to new consumers so we do not envisage that we would have to make additional reference in any welcome material.

In respect of business customers, the situation is more complex. BT has specific welcome material and terms and conditions for different products and services that are available to all our business customers regardless of size. Whilst we note Ofcom's comments in respect of business application to small businesses we are also concerned that including references to CoPs and ADR in material made available to all business customers will become unwieldy and potentially confusing, leading ultimately to customer frustration and detriment. We would also point out that the costs of changing all these individual welcome material and terms and conditions could be disproportionate.

Adequate access to complaints handling guidance via web sites is something we support. However, we do have a concern that making such access unduly

high profile may result in the complaint route being used inappropriately. Rather than a “one click” approach of this nature, we would favour a less prescriptive requirement.

We note that the proposed Code contains a number of ways to facilitate accessibility and we would suggest that Ofcom consider revising their proposal so that it is acceptable for CPs to have in place, say, two or three out of four of those listed in Option A (as is already the case in Option D). We use the bill to signpost access to complaint handling; this is not mentioned as an option in paragraph 2 of the proposed Ofcom Code. Would Ofcom consider this an option?

***Question 6: Do you agree with each of our proposed obligations on CPs to ensure that their complaints handling procedures are effective?***

**Answer.** Broadly yes and we welcome the flexible approach, with the emphasis being placed on reasonableness.

Our concern is in respect of the criteria and process for dealing with perceived areas of improvement as identified by complaint analysis. The exact nature and form of this obligation is unclear, we would welcome further discussion, and insight into Ofcom’s thinking.

***Question 7: Do you agree that (depending on the specific measure) Ofcom should take steps to improve awareness of ADR?***

**Answer.** Notwithstanding Ofcom’s research, we struggle to see the link between high general awareness of ADR and improved outcomes. We are strongly of the view that there is no need for a high level of general awareness of ADR.

Our view is that signposting obligations are a matter for the ADR schemes themselves – which already have a duty to ensure accessibility and adequate promotion. There is in our view no need for further regulation in this area.

Comparisons with other ADR schemes are we feel misleading. Financial Ombudsman Services (FOS) operate on a different scale of impact and awareness is necessarily higher accordingly; also, the media profile they have received (associated with bank charges and the like) will have lodged awareness in the general public’s mind. The telecoms sector has had no such issues, and is unlikely to. The Energy sector has also received high media attention over the last couple of years (e.g. on prices and “pay as you go” metering), which will have increased awareness of its scheme. In this respect, it is interesting to note that whilst awareness of the telecoms schemes appears lower, the usage is at similar levels. This in our view militates against the case for increasing awareness.

That said, we wonder whether the differences between the two telecoms schemes plays a part here? For example, CISAS’ volumes are considerably lower than Otelos and whilst in part that is accounted for by Otelos having

more fixed line members, the difference is quite marked. According to the last available annual reports for both schemes, Otelo had 101,882 contacts whilst CISAS only 2,667 and only 4% of CISAS' actual cases (according to their most recent annual report) are the result of a deadlock letter. This suggests that perhaps one scheme's members are more proactive than the others'. What analysis has Ofcom done to ensure that its research isn't unduly skewed by consumers of either of the two schemes? We ask because we wonder whether before any regulatory action is taken it might be worthwhile ensuring that both schemes are equally accessible to consumers. If one is not, then surely action should be taken to correct that first.

We also believe that accessibility goes beyond access per se. By this, we mean, for example, that ADR schemes should provide easily understandable information to consumers in respect of reports – in other words, accessible information about a consumer's particular complaint. In our experience, Otelo performs this to a high quality with comprehensive reports summarising both sides of the story. We are unclear whether CISAS does the same. Is this something Ofcom is looking at?

BT already mentions Otelo on its bills and on relevant parts of its website. We see no need to go further, and we would sooner use our resources to resolve customer issues quickly than on increasing awareness for the vast majority of consumers who will never have need of ADR. As Ofcom recognise, via competitive pressures and appropriate regulation thus far, overall satisfaction levels are high. Against this backdrop, we believe that any further moves in respect of awareness would be disproportionate, of no direct consumer benefit and unnecessarily costly to CPs - not least because of covering the costs of handling extra enquiries (not cases) to ADR schemes. We assume that Ofcom will take a detailed view on this from Otelo and CISAS.

We are concerned about the risk Ofcom highlights in points 6.26 and 6.27 of its consultation. If higher awareness causes CPs to settle so as to avoid ADR, there is little incentive for improvement or for customers' complaints to be fully addressed. In other words, consumers may get a payout, but remain dissatisfied. We do not believe that is Ofcom's aim.

We are also concerned that some customers may, as Ofcom says, "abuse their ability to go to ADR to "punish" their CP". We would welcome more detail on how Ofcom expect the schemes to manage this risk. In our experience, Otelo quite rightly always seek to take complaints. Indeed, they are obliged to do so if a complaint satisfies their Terms of Reference. Greater awareness may well have the unintended consequence of driving more complaints to Otelo that are not really appropriate to ADR but which Otelo will be obliged to accept. Whilst the outcome of any investigation may well be "no action to take", a case fee will still have been incurred; and Otelo's (and therefore its members') costs will increase due to additional volumes.

***Question 8: Do you agree with our proposals to improve awareness of ADR by requiring:***

**a) Relevant text about ADR to be included on bills (paper and electronic);**

**b) CPs to ensure consumers whose complaint has not been resolved within eight weeks of first being made to a front-line agent receive written notification about their right to go to ADR;**

**c) CPs to ensure front-line staff are fully informed of the right of consumers to use ADR, as well as the role of Ofcom in investigating compliance with General Conditions; and**

**d) On request from a complainant, CPs must issue a deadlock letter referring a matter to ADR unless the subject-matter of the complaint is outside the jurisdiction of the ADR scheme or the CP has genuine and reasonable grounds for considering the matter will be resolved in a timely manner, and subsequently takes active steps to attempt to resolve the complaint.**

**Answer.**

(a) In principle, we support the inclusion of ADR information on bills. BT has done this since joining Otelo. We do have concerns about the length of the proposed text. Space on bills is scarce and there is much information which we wish to include of benefit to consumers about products and service.

(b) In principle, we agree. We also welcome the practical approach being proposed whereby timing must be prompt and as soon as possible once eight weeks have elapsed.

(c) We strongly believe that this is unnecessary and not appropriate for regulatory intervention. Staff training is an operational matter. Placing a regulatory framework around this will have an undue impact on costs and on operational effectiveness, by affecting call-handling time. Also, as a matter of policy and overall philosophy we believe it is better that resources are spent on resolving customer issues at the first point of contact, rather than using that resource (and cost to the industry) to explain a process that the vast majority of customers will have no cause to use or no need to know about until they are eligible to do so. We feel, too, that giving out detail about ADR at first point of contact (on complaints) sends a negative and unhelpful message to consumers – in that it could be perceived as anticipating failure to resolve. That is not an impression we want to give our customers. We agree that front line agents should be adequately briefed and have a basic knowledge of the regulatory and ADR regime – but they are not meant to be experts and we believe that so long as they have access to briefing material for reactive purposes that is sufficient. It is in our view fair to expect any significant failures on the part of front line agents to be picked up via complaints trends and overall performance. In terms of escalated complaints that reach deadlock stage, BT has an accreditation process that agents must pass to be able to issue deadlock letters. This includes specific training in respect of the

regulatory regime pertaining to ADR and detailed information and guidance about Otelo.

- (d) We disagree strongly with the proposal that a CP must issue a deadlock letter on request by a consumer but welcome the two caveats. Without these a CP could in theory be forced to issue a deadlock letter when it is not ready to do so. In our view, natural justice dictates that the decision to issue a deadlock letter must in effect be a mutual one. In other words, the consumer may ask for a deadlock letter but the CP must be at liberty to decline while it considers and/or offers a further solution. On the other hand, if the consumer asks for a deadlock letter and the CP can offer no further options for resolution then of course the deadlock letter should be issued.

**Question 9: Leaving aside concerns about the merits of the proposal, do you agree that CPs should include the following wording (or Ofcom-approved equivalent text) on paper and electronic bills.**

***If you are a residential consumer or part of a business with fewer than ten employees and we have been unable to resolve your complaint within eight weeks, you have the right to ask [Otelo or CISAS] (an alternative dispute resolution scheme) to investigate your complaint at no cost. Their website is [insert web address], you can call them on [insert phone number], or write to them at [insert postal address].***

**Answer.** BT's current wording is "If we have not responded to your complaint within 8 weeks, or if we write telling you that we cannot agree an outcome ('deadlock'), you can ask Otelo, the Telecommunications Ombudsman, to investigate"

For ease of customer understanding and for reasons of space on bills, we would prefer shorter wording than that proposed by Ofcom. We would suggest something along the lines of:

"If we have not resolved your complaint after eight weeks you have the right to ask Otelo to investigate at no cost. Their website is [ ], you can call them on [ ], or write to them [ ]."

We do not believe it is necessary to qualify on bills who may approach ADR schemes. In our experience this has not caused any problems for customers, and the schemes are best placed to explain eligibility criteria.

We also see no added value in describing Otelo or CISAS as "an alternative dispute resolution scheme". The important message is a simple one – that customers have the right to seek an investigation.

**Question 10: Do you agree with our proposed record keeping requirement on CPs? A CP must retain written records collected through the complaint handling process for a period of at least six months, including written correspondence and notes on its Customer**



**Record Management systems. Where call recordings are available, these need to be retained for at least three months.**

**Answer.** Yes.

**Question 11: Do you have any views on the Ofcom Code and accompanying guidance (Annex 5)? Do you consider we have adequately captured the policy intentions we have outlined in the consultation document?**

**Answer.** Subject to our earlier answers we consider that Ofcom's policy intentions are adequately captured in the proposed guidance at annex 5. However, as mentioned in our earlier answers we have some comments and reservations about those intentions and the detail of the guidance.

**Question 12: Do you agree that it is reasonable to require CPs to implement:**

- **Clauses 1 – 3 of the Ofcom Code (transparency, accessibility and effectiveness of complaints procedures) six months after the publication of any Statement; and**
- **Clauses 4 – 5 of the Ofcom Code (facilitating access to ADR and record keeping obligations) 12 months after the publication of any Statement.**

**Answer.** Yes. We agree these timescales are reasonable subject to the concerns raised elsewhere in the answers to the previous questions.

**Question 13: Do you have any views on whether (and how) Ofcom should look to improve the availability of comparative information on how effective providers are at handling complaints?**

**Answer.** We would question the degree to which this proposal needs to be pursued. What evidence is there of customer demand for such information?

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