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Welcome

2019 has largely been a year of stabilisation for Ombudsman Services following some significant changes in 2018. The new case management system we introduced last year enabled us to resolve more cases for consumers, with more people utilising our digital channels to get in touch with us. With continued investment into this new platform, we aim to ensure that we’re easily accessible to all consumers, particularly those in more vulnerable circumstances.

20,183
initial contacts inside terms of reference

70%
of complaints we received had evidence of signposting

16,966
communication cases were resolved in 2019

99.3%
of communication complaints were resolved within SLA
Our new strategic leadership team have focused on improving our relationship strategy. In 2019, we also took a strategic decision to focus on our core sectors of energy, communications and parking, therefore allocating more time and investment to communications sector complaints.

Another highlight of 2019 was the publishing of our sixth annual Consumer Action Monitor (CAM) report and our use of Implicit Attitude Testing (IAT). IAT uses a cutting-edge technology that enabled us to gain a deeper understanding of consumer behaviour including the emotional triggers behind consumer complaints.

As we reflect on the role communication providers play for consumers, we recognise they’re essential to all our lives - they enable us to call home, friends, surf the internet, work, shop, socialise etc and access vital services, such as healthcare appointments and advice. This inevitably poses communications providers with new challenges - they’re obliged to offer more services, to keep pace with the new, more effective technology and to understand and anticipate consumer demand and expectation. They need to ensure their services are available, affordable and accessible to all. And these challenges are faced at the same time that innovation continues at a rapid pace which is changing the way consumers use services.

In 2019 we’ve seen the sector respond to these challenges - with many providers signing up to new commitments to help put consumers at the heart of everything they do. Providers have started to think about how services can better meet the needs of all consumers - especially those considered more vulnerable. Businesses need to start recognising their more vulnerable consumers’ needs and the impact of, and expectations around new technology were both explored further in our CAM report 2019.

Fairness for all is now a central focus for all providers. It’s our role to ensure consumers are treated fairly. We can play an important role in helping providers make this happen.

With this in mind, it’s been a great privilege to work with communications sector companies, Ofcom and other organisations to help identify common problems causing consumers to complain and to help them understand how they can overcome these. It’s been great to receive so much positive engagement from the sector during 2019 and we’re looking forward to continuing this work in 2020.
We published our sixth annual Consumer Action Monitor (CAM) report in 2019.

What is the CAM report?
The CAM report contains valuable data and insight outlining consumer attitudes to customer experience and complaint handling of companies within the energy and communications sectors.

The Consumer Action Monitor report (CAM) is the most comprehensive, multi-sector survey of its kind in the UK. It’s recognised as an industry-leading tool, providing us with valuable insight.

How does it work?
We commissioned more than 4,000 online interviews with consumers across the UK to get their views.

The focus for 2019’s report was Implicit Attitude Testing (IAT) and the areas below:

1. The impact of, and expectations around, new technology.

2. Millennial attitudes and how generations approach complaints.

3. The need for businesses to recognise and address consumers in vulnerable circumstances.

We dug deeper thanks to the use of IAT technology, keen to understand the emotional drivers that influence consumers to decide whether and how to complain.

Overall, 2019 saw the year where consumers showed more confidence in vocalising their complaints, whether it was criticising a company on social media, directing the complaint back to their supplier, or escalating it to a third party for a more formal resolution.

Deeper, meaningful insight into the data also provided an opportunity to look beyond the stats, helping to transform customer experiences and empower businesses to develop long-term trust with their customers.

Read the CAM 2019 here
Events

**Ombudsman Services Conference 2019**

Our first conference took place in June 2019; it focused on putting consumers at the heart of markets and driving behavioural change within businesses to build consumer trust and confidence.

The event drew together a community of stakeholders from across a range of sectors including communications with senior representation from consumer groups, charities, businesses, regulators, policymakers, behavioural psychologists, innovators, and academics.

We showcased key findings from our Consumer Action Monitor (CAM) research, to help guide discussions around the areas below:

- Trust.
- The gap between customer expectation and experience.
- Millennials and their impact on changing the consumer landscape.
- Vulnerability.
- Behavioural psychology.

We received great feedback from attendees. All respondents gave an overall star rating of at least three out of five, and 30% awarded the conference a five-star rating.

Popular sessions included:

- **Harnessing technology whilst recognising customer wants and needs**
  led by Martin Boon, independent researcher at Deltapoll and our CAM report pollster.

- **The transition from vertical trust (trust in businesses, government, etc) to horizontal trust (the influence of social media)**
  led by Will Higham, one of Europe's leading consultants on future trends in consumerism.

All respondents said they’d be interested in attending our 2020 conference.
Meetings with our communications providers

We maintained engagement with our business customers; our Relationships Managers attended a number of face-to-face meetings, with approximately 40 communication sector companies during 2019.

Communications sector liaison panel events

We held events for our member companies focused on key industry issues. 30 companies attended and we also covered the areas below:

- Business updates.
- Reviews of complaints data.
- Sector feedback.
- Insight into complaint trends.

Vulnerability workshops

We held workshops to help our communications providers to understand how services can be better provided to vulnerable customers. 29 companies attended in total.
Key deliverables and challenges 2019

• **Auto compensation**

  We welcomed the introduction of Ofcom’s voluntary scheme on *Automatic compensation* in April 2019. Faults, delayed provision and missed appointments are complaints that we regularly hear about and we’ve educated communication suppliers on the detriment caused to consumers as a result.

• **Account security**

  We held workshops and liaison panels focused on investigating cases related to customer account security, uncovering how suppliers can establish the correct identity of mobile phone account holders.

• **Fairness**

  In 2019 Ofcom confirmed its *Fairness for Customers* plan; since then we’ve shared data and insight to increase fairness for all consumers across the most pertinent problems they face.

• **Signposting**

  Rates have gradually improved across the sector, with some larger providers achieving rates well above the 80% target. Educating participating companies on when and how to signpost their customers to us is something that will continue.

• **Vulnerability**

  When the new *General Conditions of Entitlement* was introduced in 2018, we organised workshops featuring industry speakers from the Money Advice Trust and Gregory Pennington to help our communication providers better serve consumers who may be vulnerable.

  Focusing on consumers who may be financially vulnerable, those with dementia and those affected by digital barriers, we received such positive feedback, that we’ve opened up the workshops to our energy sector companies.
April 2019 saw the introduction of Ofcom’s voluntary scheme on **Automatic compensation**. The scheme provides compensation for fixed-line service faults and provision delays, as well as missed engineer appointments. This is paid to the consumer without the need for a request.

We welcomed the introduction of this scheme. Faults, delayed provision and missed appointments are complaints that we regularly hear about referred to this service as disputes. In the past, the solution available to consumers was limited to rental refunds or small payments to acknowledge inconvenience. We’ve thought for a long time, that this isn’t good enough and quite disproportionate to the detriment experienced by consumers. There was little incentive for organisations to improve these service faults, delays and provisions.

**What we did**

We worked closely with the communications sector to ensure the application of the scheme rules were understood by all and applied correctly. We held engagement workshops with our participating companies where we were able to define and communicate our approach clearly where there was potential for disagreement and misinterpretation of the rules. As a result, we’ve helped ensure disputes are resolved at the earliest opportunity and seen a reduction in related cases that needed to be upheld against providers.

**A new benchmark to ensure fair compensation**

Ofcom’s research clearly defined the types of detriment consumers experience through the loss of connectivity. The research clearly quantifies appropriate financial compensation which is proportionate to the loss. In 2019 we used this research to create a benchmark for compensation to ensure it was relative to the impact of lost service. This has been applied across all disputes involving total loss of a fixed-line service, or where service provision has been delayed or an appointment missed. This doesn’t mean we expect companies that haven’t agreed to these rules, to directly apply the rules of the code. As always, our approach is to consider disputes on their individual merit. However, implementing this benchmark ensures all consumers are treated fairly and in proportion to the detriment they experience.

When we created the benchmark, we considered the significance of losing wifi and telephone connectivity in today’s world and realised it couldn’t be underestimated - we all rely on both for so many different parts of modern life. Engagement with our participating companies has been particularly successful in ensuring a smooth introduction of this scheme. The introduction of the new benchmark and approach really shows a positive move toward a fairer sector, incentivised to put customers at the heart.
Account security was another area of focus for us in 2019, specifically the issue of mobile phone equipment or mobile phone packages purchased or taken out in someone else’s name, without their knowledge and permission, leaving that person to cover the debt.

Cases that involve unauthorised transactions have significant, wide-ranging impacts on consumers and small businesses. These cases involve large sums of money. Why? Here are some key reasons:

- There’s a high value associated with mobile phone equipment.
- Termination fees can be high.
- Unauthorised usage charges also often stack up.

They also form part of wider fraud cases involving criminals gaining access to bank accounts. The security measures in place can often include weaknesses, which is particularly common where the unauthorised person making these purchases has links to the person whose name they are using. This can have serious implications for the finances and credit files of those affected.

How do we get involved?

Our focus with these cases is to determine whether a communications provider acted responsibly and took reasonable steps to protect the person, in this case the consumer, from unauthorised action.

What we did

A sector liaison panel was held in the autumn of 2019 focused on our approach to investigating cases involving access to customer accounts and establishing identity. With our participating companies, we explored how we view the protections that providers have in place and when we’ll need to be critical of their processes.

An interactive workshop was organised where providers could discuss and work through real-life, anonymised cases using the principles that we use when investigating.

This workshop was effective because it:

- Highlighted weaknesses in providers’ approaches to keeping accounts secure.
- Highlighted our views on the differing practices providers use.
- Helped provide an understanding of how we come to a decision regarding these issues.
- Showed providers how they can help themselves with the information they supply us for related disputes.

Further sessions were held throughout the year with individual providers, where we worked with them to explore in more detail the issues their customers face. This insight has empowered providers to review the protections they have in place and we hope to see fewer related disputes brought to us. To support our providers further, we’ve published guidance ‘Account security complaints - guidance for communications providers’ on the Partners site to provide more insight.
In 2019 Ofcom confirmed its Fairness for Customers plan setting out the broad principles it will use to assess whether consumers are being treated fairly. The regulator was due to conduct a review of this work in the autumn of this year.

How do we come in?

Ombudsman Services has been actively engaging to share the insight we gain through our dispute handling. In order to be effective Ofcom needs a 360-degree view of the problems customers face. The data we hold through handling disputes is an important and necessary component of this. The insight this can provide will help shine a spotlight where customers are mostly impacted. Systemic issues are revealed within the dispute trends we see, and this information can inform where action is required. Fairness is integral to everything we do. We want our experience to help ensure these principles effective in driving relevant, positive change with fairness at the heart.

What else are we doing

We’ll continue working with Ofcom regularly to share insight and data - particularly on areas relating to the six fairness principles.

The most frequently recurring issues that consumers complain about relate to billing, service quality and contract issues. This will include:

- Detriment created at the point of sale.
- Collections processes.
- Credit file marking.
- Contract terms and the lack of incentive to switch consumers face.
- Bundled packages and the impact these can have on a consumer getting best value.

We’re looking forward to helping increase fairness for consumers with regular engagement with Ofcom.
Alternative Dispute Resolution (ADR) forms an integral part of consumer protection. It is important that consumers are informed of their right to use ADR at the right time. ADR letters signpost them to us at the eight-week point or at deadlock. The provision of these letters is a key metric monitored by Ofcom and should make consumers aware of and encourage them to access independent dispute resolution services.

What we did

A key part of the work we’ve done is to work closely with our participating companies on when and how to signpost their customers to us when a complaint can’t be resolved. Regular updates and reviews are carried out to update on signposting rates. We identify opportunities to improve and highlight performance dips with a review at root cause.

Average signposting rates across the sector have gradually improved over the last few years and this continued from 2018 to 2019. This is a significant achievement in a short space of time. However, some providers still struggle to achieve Ofcom targets especially those that have much smaller market share.

Some of the larger providers have taken the lead in achieving signposting rates well above the 80% target set by the regulator. The leading providers now consistently achieve more than 90%.

Looking ahead

The sector must maintain a focus on signposting, and we’ll continue working with our participating companies to drive improvements in this area and promote ADR to all.
Vulnerability

The new **General Conditions of Entitlement** was introduced by Ofcom in 2018. This included a requirement for communications providers to consider the needs of people with disabilities and those whose circumstances may make them vulnerable.

**What we did**

We facilitated workshops for participating companies to explore this new requirement, identifying provisions already in place and where development was clearly needed. We drew on our experience across other sectors, including energy. This gave useful insight into how vulnerable customers can be helped in line with the new requirements and how to help make this effective.

**Financial vulnerability workshops**

Building on our initial discussions, we ran several workshops focusing on some of the areas identified by our participating companies as posing the biggest challenge both operationally and strategically to helping vulnerable consumers. The first workshop focused on financial vulnerability and GDPR, which was an area many of our participating companies noted wasn’t addressed by their vulnerability policies.

We worked with external stakeholders from the research group Britain Thinks, Cabot Financial and the Information Commissioner’s Office. Together, we explored the intrinsic link between financial vulnerability and several medical vulnerabilities and how to support consumers most effectively.

**Dementia workshops**

The next workshop focused on dementia and how the communications industry can help support consumers with the condition. We invited guest speakers from the Alzheimer’s Society and Centrica, who have successfully integrated Dementia Friends training to much of its staff training schedule.

The workshop looked at some of the operational difficulties participating companies face and included a review of long-standing processes that support consumers living with the condition, with discussion focused on sharing best practice.
Vulnerability and digital inclusion workshops

Our third workshop centred on training for operational staff and how a cultural change around vulnerability and digital inclusion can be embedded. We engaged guest speakers from the Money Advice Trust, Gregory Pennington and the digital inclusion charity Good Things Foundation. Based on the success of our earlier workshops and the positive engagement, we opened this workshop up to the energy sector, inviting our participating companies and stakeholders to join. These workshops allowed us to facilitate cross-sector discussion and collaboration on the topic of vulnerability, adding real value for our participating companies.

We'll continue our workshops to promote positive engagement and cross-sector knowledge sharing to reduce detriment for consumers.

Ofcom has been kept engaged and updated on our workshops and emerging themes regarding vulnerability. We've also attended their workshops, providing input regarding its vulnerability guidance.

Looking forward

The issue of vulnerability and the measures our sectors can take to reduce detriment for consumers is a broad and challenging one. Whilst we are only at the start of exploring the issues, we look forward to continuing working collaboratively to facilitate discussion and to help drive improvement.
In the news

Policy announcements by regulator Ofcom

We secured coverage with The Telegraph and Computer Weekly relating to our response to Ofcom’s policy changes for consumers looking to terminate their mobile phone contracts and switch suppliers.

Partnership renewals

Mobile phone providers Three and O2 renewed their partnerships with us.

Considering vulnerable customers

We authored a guest article on vulnerability for Mobile News.
Customer satisfaction

Service complaints

The number of complaints received about our service in 2019 was 1,213 - up from 860 in 2018.

We upheld 83% of the complaints referred to us in 2019 - up from 74% in 2018.

The Independent Assessor considered 129 cases in 2019 - up from 83 cases in 2018. 90% were upheld or justified and so had merit, up from 78% in 2018. We handle in excess of 74,000 cases a year to the business overall, so a large majority of which are not directed to the Independent Assessor.

Areas of improvement

Our customer relations team have taken a collaborative approach to complaint feedback in 2019, pooling our data with other business areas to improve insight and highlight the main causes of dissatisfaction for customers, helping to make these a priority for action.

One of our main priorities for 2019 into 2020 was to focus on our relationships; to support this, we’ve worked on improving our customer experience.
In response to the Independent Assessor’s feedback, we appointed a Customer Experience Manager in Q4 of 2019 to manage this. They’re acting as a ‘Customer Chair’ and can consider the customer impact, whilst ensuring our relationships and services are built with all our them in mind.

We also created new surveys which were sent to our communication business partners in Q4 2019 to gain benchmark customer experience scores. We looked at Customer Satisfaction scores (CSAT), Customer Effort Score (CES)* and Net Promoter Scores (NPS)*. These scores allow us to understand how satisfied partners are with our services, how easy they find it to use our services and how likely they are to recommend our service to others.

In Q4 2019, results from Participating Companies (PCs) survey results showed the sector is largely happy with the improvements we've made during 2019 and continue to make. Scores for Q4 2019 stood at:

**Customer Satisfaction Scores (CSAT): 80.8%**

**Customer Effort Score (CES): 42.9%**

**Net Promoter Score (NPS): 0.0%**

Customer surveys will be launched in Q1 2020.

* NPS and CES are calculated via a net equation and can range from -100 to +100. Anything above 0 is considered ‘good’.
Case study

High-value misrepresentation

A small business consumer agreed a seven-year contract with an airtime agreement and equipment on lease. The service represented an upgrade and included an internet-based calling system, mobile handsets and an improved broadband connection.

A representative from the provider visited the consumer to carry out the upgrade. The consumer described a discussion where she was told her existing lines would stop operating soon due to the Public Switched Telephone Network (PSTN) being switched off. According to the consumer, the representative said this could happen within six months. The customer said the sales representative built a sense of urgency to encourage her to agree to a new contract.

It was apparent from the testimony provided, the call logs and call recordings that the consumer raised concerns over the contract term, the price, and the requirement for new equipment. It was clear that the key deciding factor for the consumer was to avoid losing their service, which would’ve been a major problem for the business.

We reviewed the supporting information and the testimony put forward by both parties. On consideration of the PSTN information that the representative discussed with the consumer, we concluded this had been misrepresented. A sense of urgency was created that was not genuine. It was clear the consumer could’ve kept their existing telecoms package for several years before this became an issue. The provision in place was entirely adequate, and although the consumer would benefit from upgraded services and equipment, there was little actual need for this to happen. Certainly, the cost of the new provision was disproportionate to any benefit the customer would gain. We concluded the sale would not have been agreed had the situation not be grossly misrepresented by the sales representative.

In addition to concerns over the sale, the consumer then experienced significant problems with the installation of the service. The upgraded broadband connection couldn’t be provided. Problems continued for several months, without a resolution, so concluded that the package put in place didn’t meet what was agreed and was substandard in many areas.

We concluded the contract should be cancelled. The total cost of this exceeded £10k which is the award limit for this service. Even though the cost exceeded £10k, the consumer could only receive £10k. The outcome was accepted, and the solution was implemented shortly afterwards by the provider.
Case study

**Consumer identification faults**

A residential consumer contacted his mobile provider, warning that his brother was planning on contacting them to upgrade the account to try and get a new mobile phone, not using their own name, but that of the account holder, i.e. the brother. The consumer instructed the provider to change the account password and to make a record of this conversation.

The next day, the provider received a call from someone claiming to be the account holder. This person confirmed the old password and gave additional security information. The account records show the caller told the agent it was his brother who had called yesterday, and that he was the one trying to obtain a new handset dishonestly. The caller requested the password be changed back to the old password, which the agent then did.

Several days later the provider received a further call. The password was confirmed, and security questions answered correctly. The caller then upgraded the account and a new mobile phone was sent out. A week later the provider received a call to query why it had allowed the brother of the account holder to upgrade the account, despite the warning and instructions it had been given.

The provider concluded this was a third-party issue between the two brothers and that its security process had been followed on each occasion it was contacted. As both brothers knew the information needed to pass its security process, the provider maintained there was nothing it could do to prevent the upgrade. As a result, it maintained the account was valid and the responsibility for payment was with the account holder.

When reviewing the information, we couldn’t clarify who the provider had been speaking with on each of the calls. What was clear is that the provider was aware there was a high risk that an unauthorised person would try to upgrade the account. Conflicting information was given by the callers, who were both able to answer security questions. As the provider couldn’t be sure whether it was speaking with the authorised account holder, it needed to take a different approach to protect its customer. We suggested the consumer could have been instructed to visit a store and provide photographic identification. This would’ve allowed the provider to identify its consumer and secure the account with a new password.

We concluded the provider hadn’t acted responsibly to protect its customer given the information it had received. We decided the consumer shouldn’t be held responsible for the upgrade and that the associated charges should be cleared. The outcome was accepted, and the provider amended the account to reflect this decision.
Case study

Discrepancy over mobile phone delivery

A residential consumer upgraded a mobile phone contract, which included a smartphone, as part of the package. Delivery of the handset was confirmed to be within 24 to 48 hours of the agreement being made over the phone; after 48 hours, the consumer contacted the provider claiming that the package hadn’t been delivered. The agent he spoke with told him his order would be delivered within the next 48 hours and he should wait for this to be received. The consumer contacted the provider several more times over the next two weeks, again claiming the package hadn’t been delivered. He said he was eventually told, after two weeks, that the package had been delivered to his address, and there’d been confirmation from the courier.

The provider confirmed the package was delivered and signed for, the day after the order. It confirmed its agent advised a 48-hour time frame for it to investigate the matter with its courier, as opposed to telling the customer to wait for the delivery to arrive within this time. Delays occurred and communication with the customer was poor over the next two weeks, until it finally confirmed the package had been delivered. The provider maintained the customer was responsible for the upgraded account and the associated charges.

When we investigated this case, we found there was no evidence that the new handset had been used. It was clear the customer made immediate contact when the package didn’t arrive as expected. A copy of the signature that was taken by the courier and used by the provider in support of its argument wasn’t made available for us to consider as part of the investigation. In addition, the GPS tracking of the courier’s van didn’t correspond with the account holder’s address where the package was meant for delivery.

We found it unreasonable to conclude the handset had been delivered to the consumer, as the evidence supplied in support of this was inadequate. In the case of the GPS information, this showed the package had been delivered to the wrong place. Although we couldn’t be certain if or where the package was delivered, we had to consider the available evidence and the arguments put forward. Without more supporting information, the fair solution was for the provider to send out a replacement handset. This solution was accepted, and the provider sent out a replacement.
Communications sector highlights 2019

Total initial contacts

20,183*

* Inside terms of reference.

How these contacts got in touch

29% phone
71% written

of those written contacts

3% letters
7% emails
55% web forms
6% other

Complaints resolved

16,966

of the complaints resolved

38% upheld
The complaint was justified but we considered the actions taken by the company to resolve the complaint were insufficient. Additional action was required.

30% not upheld
The company had not made a mistake and had treated the complainant fairly. There was no basis for the complaint and no remedy or award was required.

16% settled
An agreement is reached between the complainant and company, after the complaint came to Ombudsman Services but prior to an investigation outcome.

16% maintained
The complaint was justified and we considered the actions taken by the company to resolve the complaint prior to the case being accepted for investigation were fair and reasonable. We required the company to maintain the offers already made but we did not require any additional action.

Average time to respond to a complaint: 29.7 days

Key performance indicators (KPIs)

100% of correspondence actioned within 10 days
35.9% resolved in under 4 weeks
95% resolved in under 6 weeks
99.3% resolved in under 8 weeks

Top complaint types

billing
service
contract issues

Awards and remedies

£ 4% financial
26% non-financial
70% both