

# CONSUMER ACTION MONITOR

January 2016

Key findings and methodology

 Ombudsman  
Services

Good for consumers – Good for business

## Foreword

Now in its third year, the Consumer Action Monitor (CAM) once again reflects on a busy year for consumer rights.



A positive step this year is the news that fewer people are likely to put up with poor service from a company than last year, however there are still a worrying number of complaints not acted upon. An increase in court fees in 2014 made it more expensive for consumers to find justice through judicial routes, which means that numbers of cases taken to ombudsman schemes are now more than double those taken to small claims courts.

Cost and complexity represent significant barriers to using the courts. But the increase in consumers using an ombudsman is encouraging, showing just how much consumers value a free route to redress. Ombudsman schemes are being increasingly recognised as an important and growing part of the civil justice system.

Rightly, consumers are becoming ever more aware of their consumer rights and willing to exercise them when things go wrong. With the court system struggling to cope with this rise in complaints, it's good news that they can access free dispute resolution through the ombudsman route.

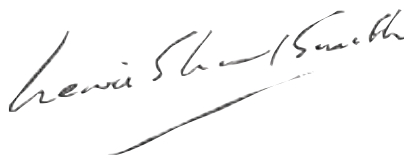
There have also been important legislative developments, in particular the introduction of the Consumer Rights Act, which sees developments such as a guaranteed 30-day refund window and fairer challenging to hidden contract fees. On top of this, the requirement on all traders to signpost to an alternative dispute resolution (ADR) body will provide a quick, free and appropriate route to redress for most consumers.

In the energy sector, we continue to see complaints rise year on year. However, recent figures reveal energy companies are starting to show signs of improvement, with complaints in the past three months of 2015 falling. As CAM shows us, consumers are more vocal than ever, but many suppliers also seem to be improving their services.

As the sole ombudsman for the energy sector we work very closely with the energy regulator to ensure that every consumer knows their rights. In particular, we together with Ofgem ensured the best outcome for consumers who were affected by delays in remedy delivery and will do more in this area in the future. In 2016, we will make a number of recommendations within the energy sector and call for change to benefit consumers.

Finally, this year saw the launch of our Consumer Ombudsman service, which based on consumer interest, sees us taking all consumer complaints in sectors where no current scheme exists. As we're already the UK's leading multi-sector provider of dispute resolution, it was a natural progression for us to extend our services to new areas. In 2016, we'll continue to do everything in our power to encourage companies to engage.

This is the third CAM and it continues to give us invaluable information about consumer rights and trends in behavior. This year, ADR will rise in importance for consumers and we hope they will continue exercising their rights to get the justice they deserve.



Lewis Shand Smith, Chief Ombudsman

## Methodology

- The 2016 Consumer Action Monitor is the third annual report of its kind produced by Ombudsman Services
- Research was commissioned by Ombudsman Services and carried out by ICM Research between 22 - 24 January 2016

<b>Methodology</b>	Online omnibus: nationally representative sample of adults aged 18+
<b>Number of interviews</b>	2,355
<b>Coverage of fieldwork</b>	Great Britain, with quotas by gender, age, region, social grade, work status and tenure.
<b>Fieldwork dates</b>	22 - 24 January 2016

- Certain extrapolations have been made based on the findings in order to estimate the numbers of complaints that have taken place nationally, regionally and within particular industry sectors. These extrapolations, made by ICM are based on an ONS audited GB adult population figure of 47,500,000.



## Executive summary

The key findings of the Consumer Action Monitor are:

- There were a total of 52 million complaints about products or services in 2016, down a fifth on the number recorded last year (66 million).
- However, consumers' appetite to complain about products and services remains high
  - 43% of people had an active complaint, up from 34% when the report began in 2014
  - Fewer people said they would put up with poor service from a company this year than last year (82% vs 80%)
  - The number of active complaints made equates to 1.1 per person living in Britain
- Despite the increasing appetite to complain, millions of Britons still choose to 'grin and bear it'
  - 66 million problems were not acted upon at all - 1.4 per person
  - 45% of people with a complaint only spoke to family/friends but did not take it further because they thought it wasn't worth the hassle
- The most common sectors for complaints were retail (23%), telecoms (16%), energy (13%) and public transport (7%)
- Cynicism about companies may be driving consumers' willingness to complain
  - One third (31%) believe big businesses are only interested in money
  - More than a third (37%) believe you can only get a result from complaining if you kick up a big fuss
  - Almost half (45%) believe complaining is 'not worth the hassle'
- Ombudsman schemes remain the most popular third party for consumer complaints
  - Of those that escalated a complaint to a third party more than a third (37%) went to an ombudsman, compared to only 13% who used small claims court
- Consumers are increasingly likely to use social media to get a complaint or problem addressed
  - Of those that escalated a complaint, more than a third (36%) used social media to do so
- A well-handled complaint brings significant value to a company.
  - Half (52%) think more of companies that handle their complaints effectively
  - More than two fifths (43%) said they would feel more confident in a company that offered a dispute resolution service

## The complaints landscape

Average number of conceived complaints per person



Average number of active complaints per person

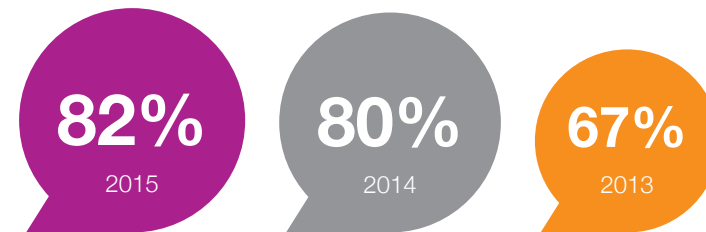


Average number of complaints not acted on per person



## We won't put up with poor service

More than three quarters (82%) say they are unlikely to put up with poor service without taking action, up from 80% last year and 67% the year before.



People's willingness to take action against a product or service provider when things go wrong compared to 12 months ago:

More likely **29%**  
No difference **65%**  
Less likely **2%**

## Complaints by sector

The number of active complaints varies by sector with a heavy bias towards 'grudge purchases' such as energy, broadband and mobile telecoms. Despite this, it's retailers that once again attract the highest number of grievances. They account for almost a quarter (23%) of all the complaints recorded and the growth of online-only stores continues to drive this surge in complaints, with 12% of complaints about internet retail alone.

Telecoms (mobile, internet and television services) remains the second most complained about sector, followed closely by the energy sector, as customer apathy and discontent surrounding price rises and billing issues continues.

As the sole ombudsman in the energy industry, we handled 65,168 cases in 2015, up 23% from 2014. While there is no doubt that there are some service problems in the sector, particularly around billing, many companies are taking significant steps to improve their services.

- Retail**  
13 million: Number of complaints  
23%: As a percentage of total complaints
- Telecoms**  
8.3 million: Number of complaints  
16%: As a percentage of total complaints
- Energy**  
6.8 million: Number of complaints  
13%: As a percentage of total complaints
- Public transport**  
3.6 million: Number of complaints  
7%: As a percentage of total complaints
- Banking**  
3.1 million: Number of complaints  
6%: As a percentage of total complaints
- Leisure / tourism**  
2.1 million: Number of complaints  
4%: As a percentage of total complaints
- Tradesmen**  
1.0 million: Number of complaints  
2%: As a percentage of total complaints
- Parking**  
1.0 million: Number of complaints  
2%: As a percentage of total complaints
- Property**  
520,000: Number of complaints  
1%: As a percentage of total complaints
- Post/Professional Services / Motor vehicle repairs**  
520,000: Number of complaints  
1%: As a percentage of total complaints

## Complaints by region

The number of active complaints varies considerably by region and this is not just accounted for by differences in population size.



## Where people go to complain

Most consumers take their complaints directly to the company or supplier behind the problem. However, when this fails to reach a resolution many choose to escalate their complaint to a third party.

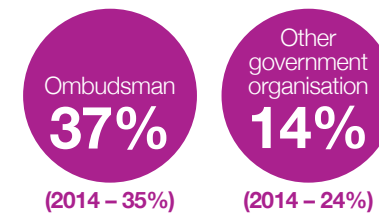
The most popular route continues to be approaching an ombudsman (37%) – a free alternative to the courts that uses its independent and impartial body status to recommend a binding solution, like Ombudsman Services.

Consumers are increasingly going online to air their grievances, with an additional 5% using social media to make themselves heard.

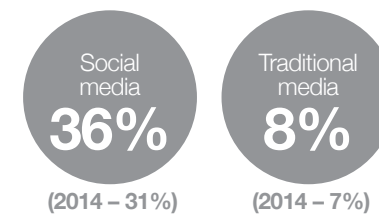
### Which third party did you take your complaint to?

(base: All who complained to a third party)

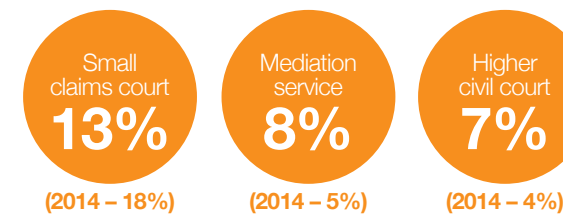
#### An ombudsman or government organisation



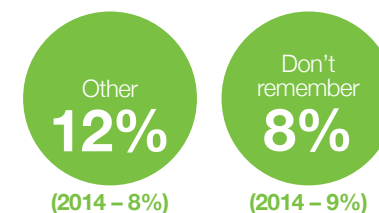
#### Media



#### Courts and mediation



#### Other



## Love not money

For most customers, simply having their problem fixed is their main goal, and fewer people than ever are seeking financial compensation – nearly half would be happy with just an apology.

### What is the minimum reparation you would expect if you received poor service or a defective product?

**75%**

Making the problem right  
(2014 – 74%)

**48%**

An apology  
(2014 – 47%)

**31%**

Financial compensation  
(2014 – 32%)

**1%**

Other  
(2014 – Insignificant)

**5%**

Don't know  
(2014 – 6%)

## Barriers to complaining

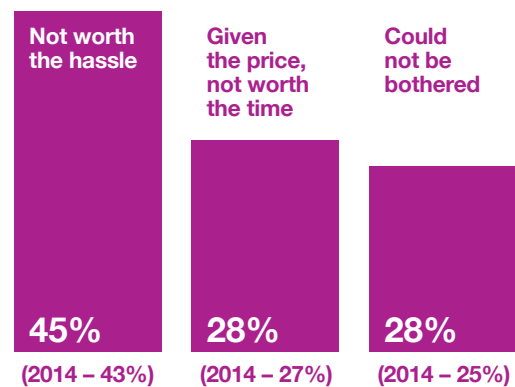
This year's report has revealed that high numbers of customers aren't willing to put up with poor service or poor quality goods, however many people are still reluctant to take action.

Approximately 30 million problems went unaddressed last year due to the perception that complaining is 'too much hassle', and misconceptions surrounding the complexity and cost of the court system are also putting people off.

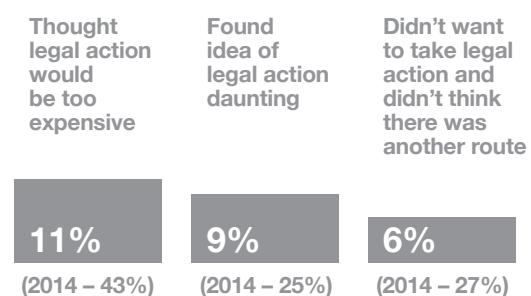
### Biggest barriers to complaining

(base: All who had a complaint which they did not take to a supplier or third party)

#### Time and effort



#### Legal action



#### Other

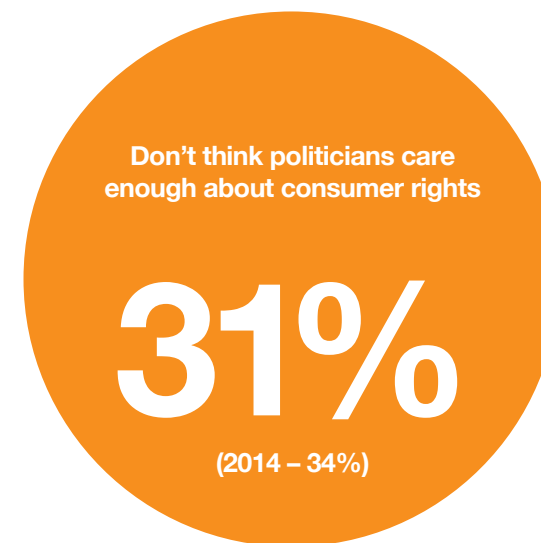
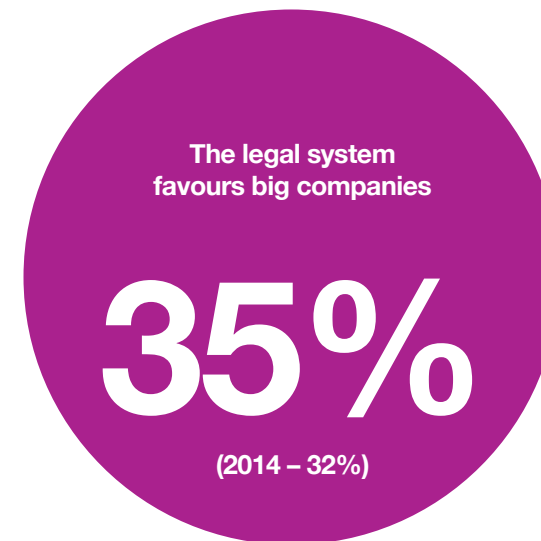
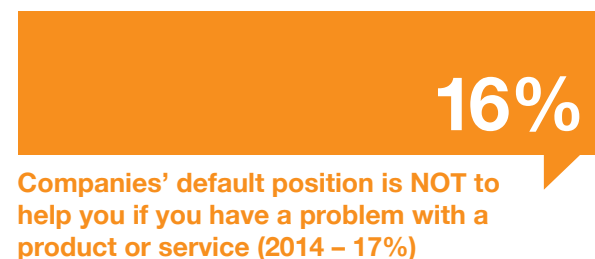
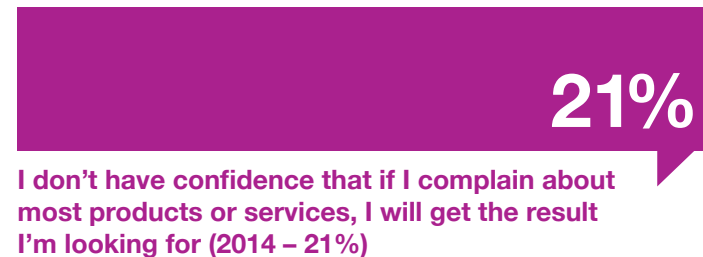


## Trust in big business and politics

The Consumer Action Monitor reveals that there is still a long way to go in improving the relationship between consumers and businesses.

While public faith is increasing, a high number of people still feel that complaining won't get them the redress they would like. More than a third (35%) said they would like to see the government do more to make companies introduce dispute resolution services, to ensure that they are doing the right thing by their customers.

More people than ever also believe the legal system is biased towards companies, putting people off seeking justice through more traditional methods, but many are not aware of the other routes they could take.



## A well-handled complaint can be good for a brand

Most companies will experience discontented customers at one time or another, but it is how they manage their complaints that most affects their brand and decides whether consumers will remain loyal or choose to go elsewhere.

Consumers are often happy to forgive and forget as long as their complaint is resolved to their satisfaction.

- Half of consumers (52%) think more highly of a business that handles complaints efficiently
- More than two in five (43%) consumers would feel more confident in a company that offered access to a dispute resolution service, such as an ombudsman scheme, to handle complaints
- A quarter (26%) of people would be more likely to buy any product from a business offering dispute resolution services than from one that didn't
- Three quarters (75%) of consumers would be more likely to return to a company if a complaint they made was handled well, but only one in 10 (8%) would return if it was handled badly.





**For further information, including data breakdowns,  
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**About Ombudsman Services**

- Ombudsman Services is a not for profit, private company limited by guarantee.
- Ombudsman Services runs national, private sector ombudsman schemes which provide independent dispute resolution for the communications, energy, property, copyright licensing sectors, the Green Deal, the ABFA, Reallymoving.com and Which? Trusted Traders scheme.
- Ombudsman Services provides an expert dispute resolution service. The service focuses on encouraging early agreed resolution wherever possible and does not charge a fee so it's able to offer access to redress for consumers to resolve their complaints without proceeding to the civil courts.
- Ombudsman Services is a full member of the Ombudsman Association (OA) and adheres to its principles.
- Further information about Ombudsman Services can be found at [www.ombudsman-services.org](http://www.ombudsman-services.org)

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