



# Making a difference together

**Annual Review**  
January to December 2017

 **Ombudsman  
Services**  
Good for consumers – Good for business

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# Welcome



To provide straightforward, high quality independent dispute resolution



To pursue efficiency, effectiveness and sustainability



To improve accessibility and encourage greater take up by consumers, businesses and sectors



To use our unique knowledge of consumer-provider relationships to the benefit of consumers, business and the economy



To develop as a high performing company through an engaged, empowered, diverse and innovative workforce



To be socially conscious and environmentally responsible

# Foreword from the Chair

Our vision, to be good for consumers and good for business, remains at the heart of everything we do at Ombudsman Services and we have continued to develop our approach to delivering this vision during 2017. This report provides an opportunity to reflect on this work, and to talk about some of our plans for 2018 and beyond.

In our last annual report, we talked about our intention to work more closely with regulators and industry, using the data and insights we gather through our casework in order to improve business practice and reduce consumer detriment more broadly, helping to build trust in the markets in which we operate. In 2017, the business has continued to shape and define this model, which we call the '**Horizon**' approach.

***Below the horizon we will resolve individual complaints effectively and efficiently, and above the horizon we will use insight and influence to prevent consumer detriment and build trust.***

In order to successfully execute Horizon, in 2017 the Board oversaw the selection of a strategic technology partner to assist Ombudsman Services in building a new case management system. This will not only ensure that we provide an improved experience for consumers, participating companies and colleagues, but will also strengthen our capabilities around capturing data and generating insights, which we will use to assist companies in improving their own complaint handling.

As the figures show, our work to tackle consumer detriment in a more preventative manner is more important than ever. The number of cases we resolved during 2017 increased by 20% compared to 2016, meaning a record number of consumers

turned to Ombudsman Services for help after being unable to resolve their complaint directly with their supplier. Working more collaboratively with the companies under our jurisdiction to address the root-cause of these issues so that they are able to resolve things directly for their consumers is a key focus for Ombudsman Services. It is our view that this will help to improve customer experience and will ultimately assist in increasing trust and engagement in markets.

Ensuring that we have the leaders in place to help deliver our vision was also a central focus for us in 2017, and the Board oversaw the appointment of several new members of the Executive team. I am delighted that we have been able to identify leaders who share our values and who can help us to shape the future of Ombudsman Services.

As a business, 2017 also saw our entire operation move to one site at Daresbury Park. I am confident that this move will ensure clearer lines of communication and enable us to all work closely together to build on the progress we have made.

I would like to end by saying what a great privilege it is to lead the Board during such a pivotal and exciting time for the organisation, as we work to ensure that Ombudsman Services is truly a value-adding service that is ***good for consumers and good for business.***

**Lord Tim Clement-Jones**  
Chair of the Board

# Chief Ombudsman overview

## Success for Ombudsman Services

At the end of 2017, Ombudsman Services was awarded the mantle of Contact Centre of the Year (over 100) at the Call Centre North West awards.



We're delighted that our staff and facilities have been recognised in this way. The accolade followed the remainder of our staff all moving onto one site, improving our relationships and cross-departmental cohesion.

We celebrated the move with a Togetherness event where we celebrated in the achievements of all staff and the good they do, whilst also unveiling the first plan for our new case management system, Forseti.

The new system will streamline and simplify the complaint process for case workers, customers and companies alike. For the first time, both customers and companies will be able to view each other's evidence on the platform and be able to comment on this.

## Operational improvements

Our operational teams pushed to improve customer experience, answering 75% of calls within 30 seconds, and reducing the case backlog from 15,000 to 8,000.

# 2017

**75%** of calls answered within  
**30 seconds**

The efforts of the operational staff, managers and heads has had an incredible impact on the service we can deliver, improving communication and helping to reduce case load, making sure decisions can be delivered quicker.

## Giving something back



The company's approach to corporate social responsibility makes a statement about the kind of organisation we are. We want to give back to the local communities in which our staff work.

Our people choose a local charity to support each year and throughout 2017 we proudly raised over £6,000 to support Harry & Co, a charity which supports maternity bereavement services.

Our charity crew created many opportunities during the year to bring together staff from different parts of the business in fundraising

# Chief Ombudsman overview (cont)

events, such as an afternoon tea, dress down days, competitions, the Colour Obstacle Rush and Tough Mudder.

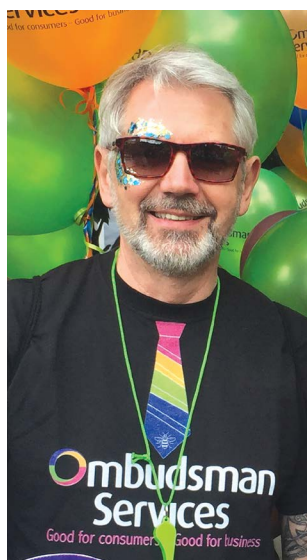
Additionally the company supported a number of national charity events and through fundraising initiatives has donated money to Macmillan Cancer Support and Save the Children, as well as the local Warrington Trussell Trust foodbank around Christmas.

## Equality and diversity



Ombudsman Services is committed to equality of opportunity and respect for diversity. As an equal opportunities employer, we understand and welcome the advantages of an open and diverse culture.

We celebrated LGBT History Month and participated in our second Manchester Pride as a business, showing our support at the parade.



Chief Ombudsman Lewis Shand Smith pictured at Manchester Pride

We held an internal competition for staff to design our Pride tops for our representatives to wear during the celebrations.

In terms of service users, Ombudsman Services is conscious that there are some demographics which are typically less likely to use an ombudsman service.

Throughout the course of this year, we have committed to understanding which groups are less likely to use our service and why this might

be. The next step in this process will be to develop an engagement and outreach strategy to target specific groups of people to ensure that they are aware of our service, it is easy for them to access, and support is available where required. The new case management system will enhance our understanding of the users of our service and this will build into the development of our inclusive strategy for the future.

## The future of Ombudsman Services

By January 2019 I shall have completed ten years with Ombudsman Services, and I have decided that it is time to move on. I've announced that I will finish officially on 31 December 2018. It's an exciting and pivotal time for the ombudsman world in general and Ombudsman Services in particular. I am delighted that Dr Matthew Vickers has been appointed as my successor. Matthew was Chief Executive of the Scottish Legal Complaints Commission and since April 2015 has been Deputy Chief Ombudsman at Ombudsman Services.

In January, we celebrated the 50th anniversary of the establishment of the UK Parliamentary Ombudsman, creating the model that has well served public and private sector ombudsman in the UK. It has provided a strong foundation, which has been constantly reviewed and refined in response to changing circumstances and expectations. The model is again under intense scrutiny and will modernise and transform. However this develops, and Ombudsman Services is eager to play its part, the focus will always be on accessibility and independence, putting right what has gone wrong, and providing our unique insight to drive up standards of administration and quality of service.

**Lewis Shand Smith** Chief Ombudsman

# Understanding consumer behaviour



To emphasise the importance of consumer redress and the work we do, we commissioned our fifth annual Consumer Action Monitor (CAM) research into consumers' attitudes towards complaints. We commemorated the occasion by hosting a panel at The Institute of Art in London, with speakers such as MoneySavingExpert's Kirsty Goode and MP Yvonne Favargue.

The report reveals that customers are frustrated with poor service and unmet expectations, and we are seeing more consumers voting with their feet rather than registering their complaints formally.

Consumers experienced 173 million issues with products and services in 2017 – affecting more than half (57%) of those in the UK. Yet only a quarter (27%) of these were raised with the provider. Active complaints stood at around 47 million for 2017, down 14 per cent from 2016.

It seems that long-term frustrations could be behind the slowdown, with more than two thirds of consumers saying that they are resigned to poor service in at least one sector.

## Complaints by sector

The number of complaints varies by sector, with Retail receiving the largest share (25%), and 'grudge purchases' like Energy (12%) and Telecoms (11%) also generating a large number of complaints.

These three sectors combined were responsible for nearly half (48%) of all complaints in 2017.

Despite the overall number of complaints decreasing in the last year, those in the Energy sector have increased, overtaking the number of complaints in the Telecoms sector for the first time.

Highly publicised issues in both Aviation and Rail have seen the number of complaints in the Transport sector jump up to 9%, an increase of more than half a million complaints in a year, marking a continuing trend in the sector.

**47 million**  
**complaints**  
were raised by consumers in 2017

**25% in Retail**

**12% in Energy**

**11% in Telecoms**

**9% in Transport**

## Barriers to complaining

Consumers ignored 78 million problems in 2017, up from 75 million in 2016, with perceived effort, apathy and awareness playing a significant role.

Many consumers believe that the effort of getting a complaint resolved outweighs the benefits, with nearly half (45%) thinking it was not worth the hassle, and the cost of the item did not merit the time spent complaining.

# Understanding consumer behaviour (cont)

**78**  
**million issues**  
**were ignored**  
because many perceive  
the complaining process  
to be too much hassle

There is also significant apathy amongst consumers, stemming from a lack of belief that anything will change; one in five (20%) said they don't think companies listen with the same number saying that they had complained before and nothing improved.

With eight per cent unaware there was an alternative to court action, many let that put them off getting a complaint resolved.

One in 10 (12%) felt that legal action would be too expensive, with a similar proportion (10%) finding the prospect of complaining daunting.

More than  
**2/3**  
of consumers  
are resigned to  
**poor service**

## Trust in business suffers

With consumers resigned to poor service, it's no surprise that they no longer trust businesses to do the right thing. Nearly three in 10 (28%) consumers say they trust businesses less now than they did three years ago, with two thirds (62%) pointing to bad customer service as the cause. Most (86%) say their trust in companies is dented if their family and friends have bad experiences, but in many cases businesses are not given the opportunity to resolve the issue.

One in five (19%) with cause to complain spoke to their friends and family, but nearly half (45%) did not take their issue further as they thought it would be too much hassle. With many consumers experiencing ongoing frustrations, one in five (20%) are now more sceptical about what they hear from companies than they were a year ago, which makes it harder to rebuild trust.

**18%**  
of consumers  
don't trust businesses  
to treat  
them fairly

One in five (18%) don't trust businesses to treat them fairly when it comes to complaining, and many consumers choose to part ways with a business rather than trust it to address their issues.

As a result, this affects businesses' ability to understand the issues and make problems right.



# Our year at a glance

Total initial contacts  
**171,586\***

\* Ombudsman Services operates over a variety of different schemes and sectors, using dynamic data to create MI, BI and the figures stated in the annual reports and accounts. This explains the slight discrepancies in the breakdown of the total initial contacts.

## How these contacts got in touch

**81,122**   
47% telephone

**90,368**   
53% written

We were not able to record 96 (0.05%) of the total initial contacts by contact type as we were not able to record which channel they came through.

## of those written contacts

**48%**   
43,003 web forms

**42%**   
38,032 emails

**10%**   
9,287 letters

**>0%**   
53 textphone

**>0%**   
15 fax

**51%**  
(ITOR)

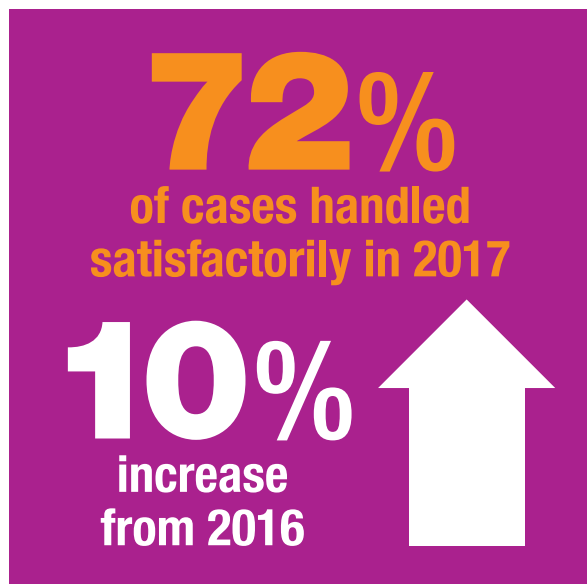
51% of contacts were inside our terms of reference

**49%**  
(OTOR)

49% of contacts were outside our terms of reference

Complaints resolved  
**91,678**

# Customer satisfaction



Following operational challenges during 2016, we have seen an increase in overall customer satisfaction in 2017. Satisfaction with our handling of cases was positive among 72% of customers; an increase of 10 percentage points from 2016.

In line with the success of our internal improvement programme, which has had a direct influence on our customer satisfaction and feedback, there has been an increase of 31 percentage points in satisfaction with the perceived speed and efficiency of the process.

Our customer feedback also tells us that cases dealt with by informal resolution methods see higher levels of satisfaction and drastically reduced service complaint referrals. More specifically, 83% of customers experiencing this form of case handling felt that it was handled fairly; an increase in satisfaction of 6 percentage points from 2016.

Ensuring we are being efficient and effective is still a key priority for us and we will use this valuable insight to help drive continued improvements in how we provide our services. [Click to view the Customer Satisfaction report 2017.](#)

## Learning the lessons – customer complaints

Our customers expect the highest level of service from our organisation and we are committed to delivering an efficient, effective and impartial service which puts the needs of our customers and stakeholders first.

We appreciate that effective complaint handling has a fundamental part to play in the delivery of a high quality service and where we do receive complaints about our company, our primary focus is to put matters right in an open, fair and expedient manner.

We appreciate that effective complaint resolution can transform a customer's perception of our business and in turn, improve overall customer satisfaction.

Our continued focus during 2017 has been to resolve complaints at the very earliest opportunity by opening a dialogue with customers in the primary stages of the complaints procedure to ensure that issues are addressed quickly and appropriately without the need for further escalation.

This has resulted in 76% of complaints being resolved at the first stage of our complaints procedure.

We have continued to receive positive comments from our Independent Assessor about the quality of our internal complaint handling in 2017, particularly at the second stage of our procedure, which is encouraging. [Click to view the Independent Assessor's report 2017.](#)



# Customer satisfaction (cont)

The number of our cases which resulted in a service complaint remained low when compared with the total number of cases Ombudsman Services dealt with in 2017 and amounts to 1.2%.

This is lower than the 2.5% reported in 2016 and is testament to the positive improvements we have made as a business to improve the level of service we offer.

The customer relations team will continue its focus on learning from service complaints and feedback received, to understand the reasons for individual complaints, identifying trends and root causes and working with colleagues in all areas of the business to help drive improvements and service enhancement initiatives.

Our focus is in improving the delivery of our service generally for the benefit of all our customers and stakeholders.

We anticipate that the benefits to the organisation in terms of efficiency and reputation will be matched by improved customer and stakeholder satisfaction across the board.

## Key statistics

In 2017, we received 1,139 complaints about our service, representing 1.2% of the number of cases that we resolved and 0.6% of our total number of contacts.

We upheld 64.7% of the complaints referred to us (down from 70% in the previous reporting period).

The Independent Assessor considered 100 cases, upholding or partially upholding 95 of them, an uphold rate of 95%, which is 2% higher than the previous reporting period.

The Independent Assessor increased the goodwill payment in 53% of cases, down from 56% in 2016. In the majority of these cases (79%), the increase was less than £50, with an average increase of £41.

Complaint type	% of upheld complaints 2017
Administrative errors	17%
Delays	18%
Failed call-backs	10%
Incorrect advice	14%
Failure to respond/action correspondence	11%

# Summary report of the Independent Assessor 2017

## Caseload and outcomes in 2017

One hundred cases were escalated to the Independent Assessor (IA) in 2017; a third fewer than in 2016. These 100 cases comprised more than 500 separate elements of complaint, as there are often multiple issues within one case.

For the first seven months of the year the outcomes of cases continued to be categorised as 'upheld' or 'not upheld', but most 'upheld' elements had already been apologised for in the OS internal complaint process. From August 2017 a 'justified' finding was added to the IA 'upheld' or 'not upheld' categories and is used where a complaint has merit, but has already been acknowledged.

The most common elements of complaint to be justified or upheld by the IA this year were about communication, followed by process error and then delay – these categories together represented around 70% of the complaints made which had merit.

The further 10% of complaints made which had merit were small in number and quite evenly distributed between concerns about goodwill payment, rudeness or inappropriate treatment, remedy implementation, premature case closure and failure to make reasonable adjustment to meet a vulnerable customer's needs. Recent years' data show that the number of delay cases have declined markedly, but that process error cases are increasing.

## IA case recommendations

Recommendations are made for apology, goodwill payment and other actions to restore a complainant to the position they would be in

had there been no service error. The total sum recommended in goodwill payment in 2017 is lower than in 2016 reflecting that fewer IA cases, and that more cases have been well reviewed with appropriate goodwill already offered before reaching the IA.

Complainants often want OS to learn from their poor experience and the IA now meets regularly with OS staff to review the root cause of individual cases to avoid the repetition of avoidable problems.

## Conclusion

The new 'justified' category for IA findings makes it clearer that most of the elements of complaint with merit have already been acknowledged and apologised for in the internal complaint process.

Of those that have not, and are upheld by the IA, almost half are for process error.

Although the number of cases that have focused on failure to make reasonable adjustment for vulnerable customers is small, the distress they can cause is significant.






I have identified this as an area that OS could focus efforts for improvement to ensure all customers get the same level of service and the organisation can be flexible to accommodate their needs.

I continue to be grateful to the complainants for bringing their concerns to me and to OS for being so open to the feedback that I offer.



**Joanna Wallace**, Independent Assessor,  
January 2018

# Our priorities for 2018

-  Developing our collection, analysis and use of data
-  Effectiveness and efficiency in our complaint handling
-  Growing our relationships with stakeholders
-  Having financial discipline
-  Further embed our values

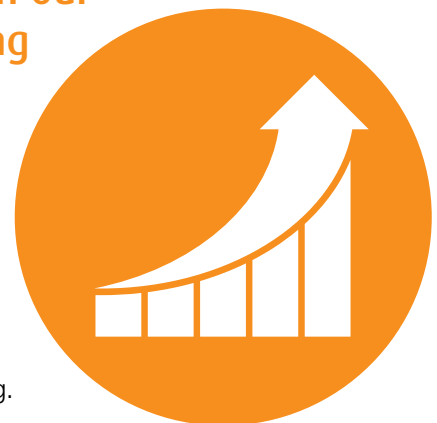


## Developing our collection, analysis and use of data

Data and insights are at the centre of our preventative and systemic proposition. Growing a deeper understanding of consumer and business behaviour, and of complaint trends in our core sectors will provide us with a fundamental point of difference against our competitors.

## Effectiveness and efficiency in our complaint handling

There are clear opportunities for us to improve how we are handling individual complaints; to make our processes and practices quicker and more efficient, and to create a better experience for both consumers and businesses. Some of these opportunities are around us making our current model work better. Other opportunities are around finding a new operating model that reflects changing expectations of consumers and business, whilst harnessing the opportunities of new technology and thinking.



# Our priorities for 2018 (cont)

## Growing our relationships with stakeholders



Regulated markets and professional services are where the most fertile ground for our insights led approach coincides with where the vast majority of money is being spent on Alternative Dispute Resolution.

We aim to create more value for our customers. As such, we must have a thorough understanding of our customers, of regulators and of government, if we are to identify and deliver value better than anyone else.

In 2018, we will begin to put shared objectives and plans in place with the some participating companies and with regulators.

We will use feedback mechanisms to identify where and how we can improve the value of our proposition to participating companies and regulators.

We will continue to engage with the relevant ministers, officials and influencers in Whitehall, Westminster and Holyrood.

## Having financial discipline

We are focused on productivity in our operations and on ensuring that our overheads and corporate support investments are maximising value.

We must defend our position where possible by reducing our cost to business.



## Further embed our values



Values are integral to our mission as an ombudsman organisation.

We recognise the pivotal role of our values in particular in how we deliver our priorities, guide our culture, our decision making, and how we make a difference for our customers.

We know from the Barrett culture survey conducted in 2017 and from our Best Companies work, that there is much more for us to do on culture and engagement with our employees.

The logo for Ombudsman Services features a stylized 'O' composed of a multi-colored ring (blue, green, yellow, orange, red, purple) on the left. To the right of the 'O', the word 'Ombudsman' is written in a bold, grey, sans-serif font, and the word 'Services' is written below it in a larger, bold, grey, sans-serif font.

# Ombudsman Services

Good for consumers – Good for business

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