



Foreword

This year, 2014,
is shaping up to be the
year of consumer rights.

Despite an improving economic outlook for Britain, households are being squeezed by the costs of everyday living. As a result consumers increasingly want value for money without having to compromise quality.

At the same time, people feel increasingly alienated from the companies that they purchase things from and are more willing than ever to express their feelings, with the rise of social media increasing the risk to brand and reputation.

We've seen evidence of this in our everyday work at Ombudsman Services, where we handle complaints on behalf of thousands of organisations, from energy providers to surveyors.

Every day, we see the risks that companies run by not handling customer complaints in the appropriate way and the huge reputational rewards of providing a good customer experience.

“Every day, we see the risks that companies run by not handling customer complaints in the appropriate way”

Because we are at the front line of consumer action, we want to find out more about this, which is why we have created the Consumer Action Monitor.

It is, we believe, the most comprehensive guide to consumer redress and activism yet created, giving us an outstanding insight into consumer attitudes to the goods and services they buy and use. And because we intend to repeat it on an annual basis, it will help us to identify emerging trends.

I'm happy to say that companies and policy-makers have already recognised some of these trends and are acting on them. The Consumer Rights Bill, which recently had its second reading in parliament, aims to bring consumer protection up to date with the digital world, while a forthcoming EU directive should make ombudsmen, already a popular alternative to the courts, much more visible to British consumers.

We also know that all of the political parties recognise the growing importance of fairness and consumer rights and this is likely to be a key battleground in the 2015 election. We hope that our research will help to inform and drive this vital debate.



Lewis Shand Smith
Chief Ombudsman

Methodology

- The Consumer Action Monitor was commissioned for the first time in January 2014 and the intention is that it will be repeated annually.
- Research was commissioned by Ombudsman Services and carried out by ICM Research between 3rd - 5th January 2014.

METHODOLOGY

Online omnibus: nationally representative sample of adults aged 18+

NUMBER OF INTERVIEWS

n = 2,023

COVERAGE OF FIELDWORK

Great Britain, with quotas by gender, age, region, social grade, work status and tenure

FIELDWORK DATES

3rd - 5th January 2014

- 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 47,536,000.

Executive summary

...million complaints about products or services in 2013

...million complaints about products or services in 2013

The key findings of the Consumer Action Monitor are:

- There were a total of 38 million complaints about products or services in 2013.
- Consumers' appetite to complain about products and services is on the increase.
 - Almost a third (32%) say they are more likely to complain about a product or service than they were 12 months ago.
- The most common sectors for complaints were energy (17%), retail (17%), internet telecoms (14%), transport (5%) and travel (6%).
- Despite the increasing appetite to complain, millions of Briton's still choose to 'grin and bear it'.
 - 40 million problems were not acted upon at all, as consumers choose to keep quiet.
 - Many are daunted by the legal process, with around one in twenty (6%) taking problems to the small claims courts.
- Cynicism about companies may well be driving consumers' willingness to complain more.
 - Just over a third (36%) believe companies are only interested in money.
- Ombudsmen have become one of the most popular destinations for consumer complaints.
 - Of those that escalated a complaint to a third party a third (33%) went to an ombudsman.
- Consumers are also increasingly likely to use social media to get a complaint or problem addressed.
 - Of those that escalated a complaint, over a quarter (27%) used social media to do so.

The complaints landscape

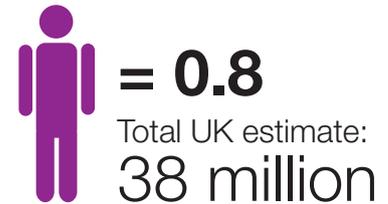
Average number of problems per person



Average number of complaints conceived (not acted upon) per person



Average number of active complaints per person



We won't put up with poor service

More than two thirds (67%) say they are never or rarely prepared to put up with poor service without taking action, while a third (32%) say they are more likely to complain about poor service than a year ago.

NEVER
27% never
put up with poor service

RARELY
40% rarely
put up with poor service

SOMETIMES
31% sometimes
put up with poor service

ALWAYS
2% always
put up with poor service

Complaints vary according to what we buy

The number of complaints varies considerably across different sectors and is skewed towards services. The most complaints occur in the energy sector, where recent price rises and consumer frustration over tariffs has increased dissatisfaction. Telecoms in general also attracts a significant number of complaints, with internet and broadband and mobile telecoms both frequently cited.

Energy 17% complaints



Retail 17% complaints



High Street Retailer 16% complaints



Telecoms: Internet/Broadband 14% complaints



Online-only Retailer 14% complaints



Telecoms: Mobile 10% complaints



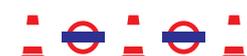
Catering/Entertainment 8% complaints



Tourism 6% complaints



Transport 5% complaints

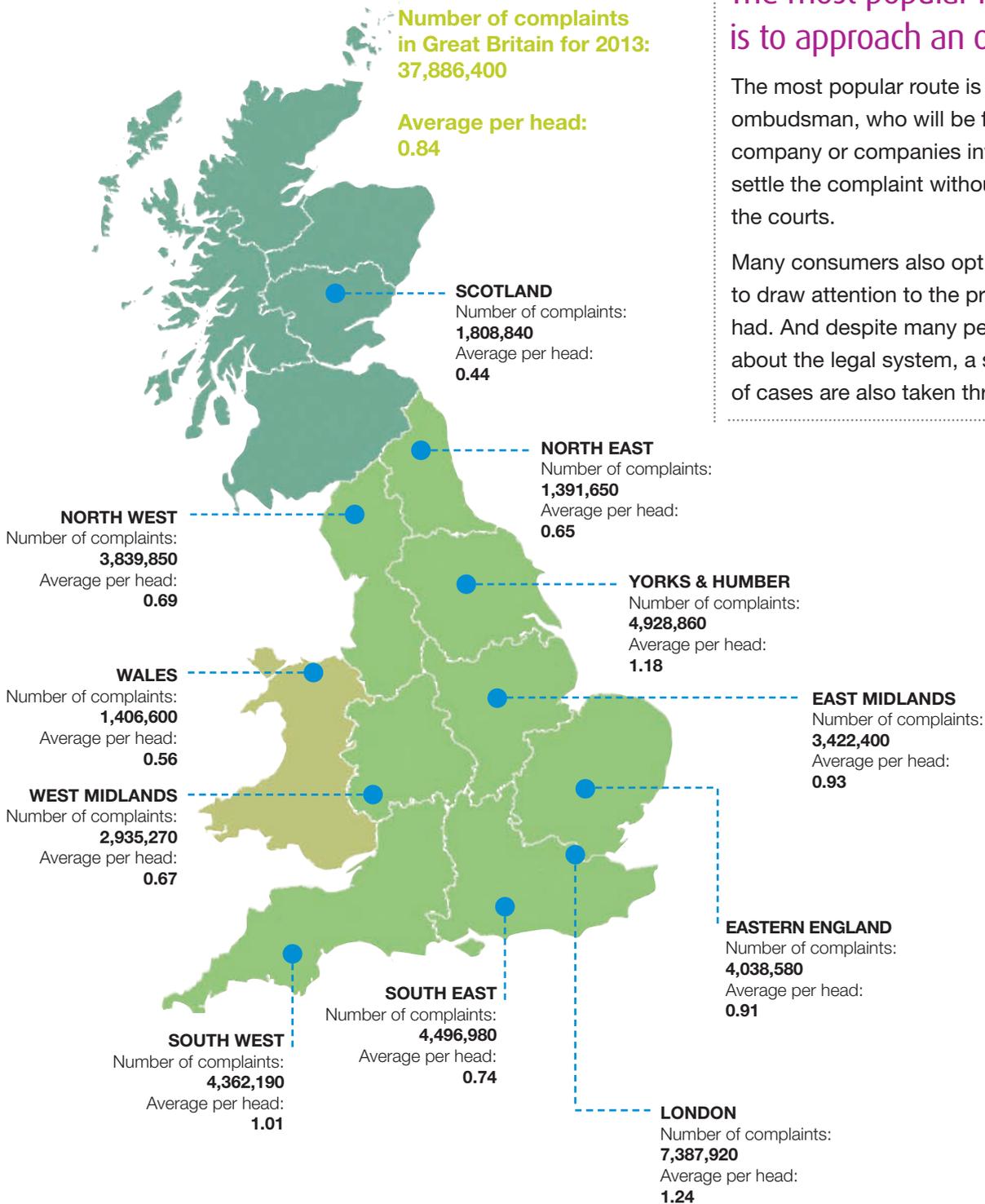


Healthcare NHS 5% complaints



And where we live

The number of customer complaints varies considerably by region and this is not just accounted for by differences in population size. The mean number of complaints per head also varies considerably, with Londoners (1.24 per person) apparently much more likely to complain than the national average (0.84 per head).



Where do people go to complain?

The vast majority of actioned complaints are taken up directly with the company themselves, but many consumers do choose to escalate their problems to a third party.

The most popular route is to approach an ombudsman

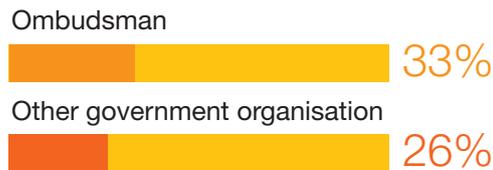
The most popular route is to approach an ombudsman, who will be funded by the company or companies involved and will settle the complaint without recourse to the courts.

Many consumers also opt to use social media to draw attention to the problem they have had. And despite many people's concern about the legal system, a significant number of cases are also taken through the courts.

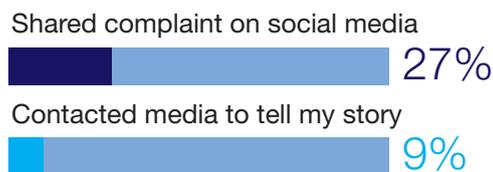
Which third party did you take your complaint to?

(base: All who complained to a third party)

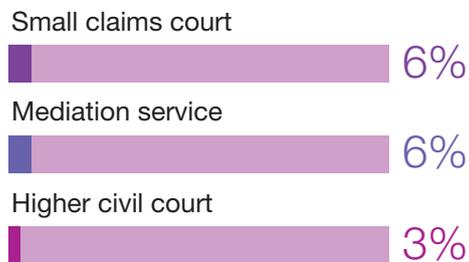
An Ombudsman or government organisation



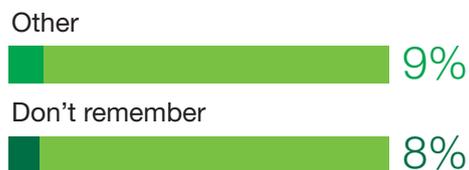
Media



Courts and mediation



Other

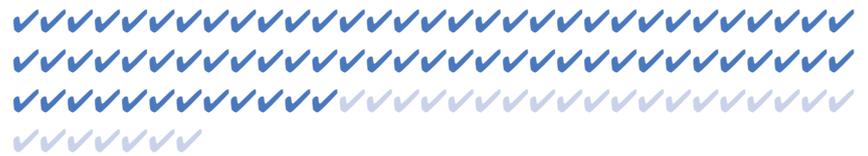


Sorry seems to be the easiest word

Whilst customers' main aim when complaining is to get their problem put right, it's surprising how many are simply seeking an apology rather than financial or material refund.

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

Making the problem right 74%



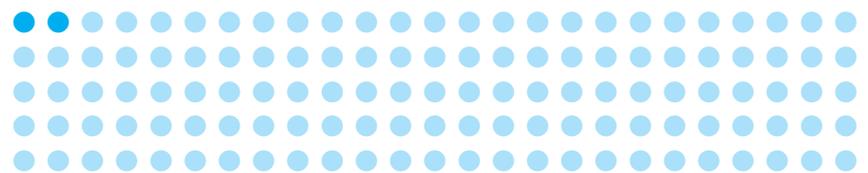
An apology 44%



Financial compensation 27%



Other 2%



Don't know 8%



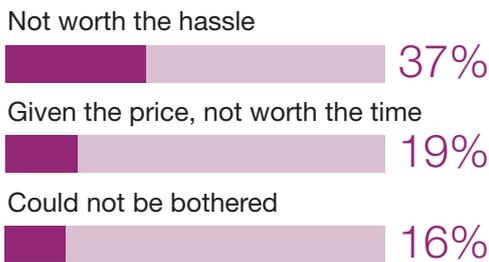
Barriers to complaining

Whilst consumers are more likely than they once were to complain about products and services, many are still reluctant to make a fuss. The key barriers are the perceived 'time and effort' involved but also the perception that legal action is expensive and onerous.

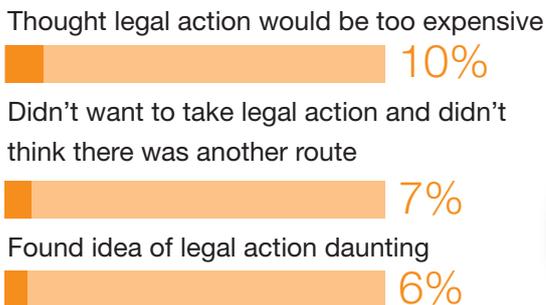
Why did you not take your complaint any further than this?

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

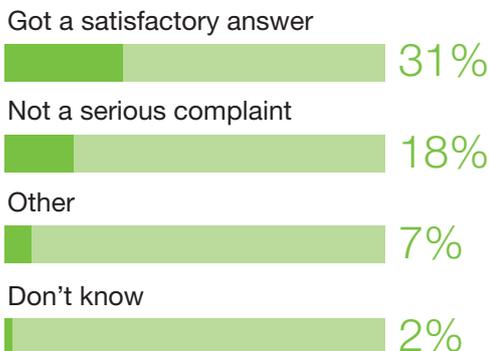
Time and effort



Legal action



Other



Low level of trust in big business and politics

The Consumer Action Monitor reveals that consumers have particularly low levels of trust and confidence in businesses to take their problems seriously.

In particular, there is a perception that the legal system favours large companies and that big businesses are more interested in making money than in providing a good service. This cynicism also extends to lawmakers, with a third (33%) saying that politicians are not doing enough about consumer rights.

I don't have confidence that if I complain about most products or services, I will get what I am looking for

Companies' default position is not to help you if you have a problem with a product or a service

I don't believe that an ombudsman can be truly independent of business

I would never consider mediation, it's something that ordinary consumers get involved in

I don't have confidence that if I complain about most products or services, I will get what I am looking for

24%

Companies' default position is not to help you if you have a problem with a product or service

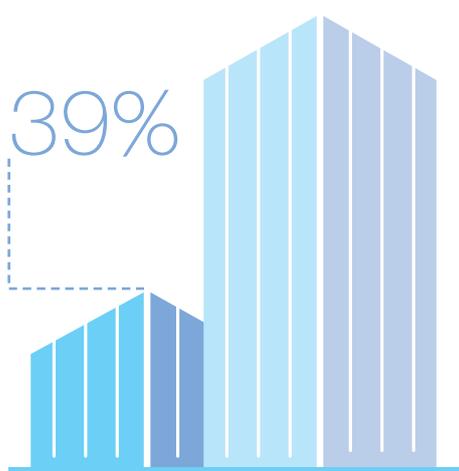
18%

I don't believe that an ombudsman can be truly independent of business

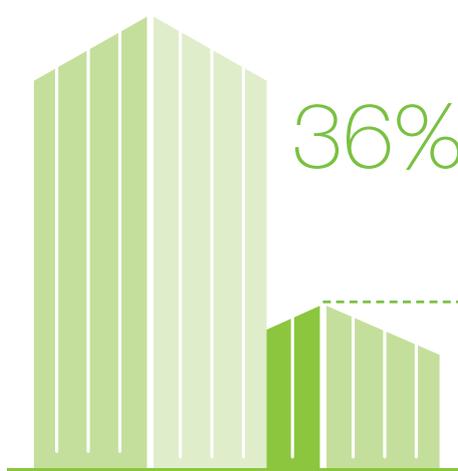
10%

I would never consider mediation, it's not something that ordinary consumers get involved in

10%



The legal system favours big companies



Big businesses are only interested in taking your money - if something goes wrong with a product or service, they don't care about you

33% say that politicians are not doing enough regards **consumer rights**

Politicians don't care enough about consumer rights

A well-handled complaint can be good for a brand

Despite these high levels of cynicism, the Consumer Action Monitor illustrates very clearly the benefit that a well-handled complaint can have for a company and its brand:

- Half of consumers (50%) think more highly of a business that handles complaints efficiently.
- Many also see the benefits of companies offering a third party dispute resolution service, such as an ombudsman, to handle complaints.
 - More than a quarter (28%) say they would be more likely to buy a product or service from such a company.

For further information including data breakdowns, please contact:

Ombudsman Services/Third City

e. osteam@thirdcity.co.uk

t. 0203 657 9773

About Ombudsman Services

- Ombudsman Services is a not for profit, private company limited by guarantee.
- Ombudsman Services runs national, private sector ombudsman schemes which provides 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