

407 ETR Ombudsman Report

- 2007 -

Overview

The mandate of the Ombudsman is to act as an advocate for fairness and to address customers' unresolved issues or concerns related to customer service matters. The Ombudsman reviews and investigates a customer's concern in an unbiased and impartial manner, ensuring the procedure is fair and reasonable to both the customer and 407 ETR, and that all 407 ETR's policies are applied on a fair basis. The Ombudsman makes recommendations based on fairness and good business practices. The Ombudsman reports directly to the President and CEO of 407 ETR, similar to other private industries such as banking.

407 ETR customers travelled 2.25 billion kilometres and generated nearly 17 million bills in 2007. Like most businesses, the majority of customers use the service without experiencing issues or the need to contact Customer Service.

Since no business is infallible, however, 407 ETR's dispute resolution process and Office of the Ombudsman was created to further demonstrate its commitment to improving Customer Service. It is through customer engagement that concerns are voiced and valuable insight is gained by the organization which results in improved business processes.

While the primary mandate of the Office of the Ombudsman is to assist with unresolved issues, the Office also guides customers through the dispute resolution process. Our goal is for customers to be aware of the options available to them for assistance so they can obtain a resolution prior to engaging the Office of the Ombudsman.

Dispute Resolution Process

Step 1: Customer Service Department

Call 1-888-407-0407 to speak with a Customer Service Representative (CSR).

Step 2: Team Manager or Resolution Specialist

If you are unable to resolve the issue with a CSR, you can ask to speak with a Team Manager or Resolution Specialist.

Step 3: Customer Advocacy Group (Representing the Office of the President)

If you are still not satisfied, outline your issue in writing to the Customer Advocacy Group. A detailed investigation will be conducted and a reply will be issued.

Step 4: Office of the Ombudsman

If the previous steps have been followed, and you feel that you have not received a fair resolution to your issue, please contact the Ombudsman's Office.

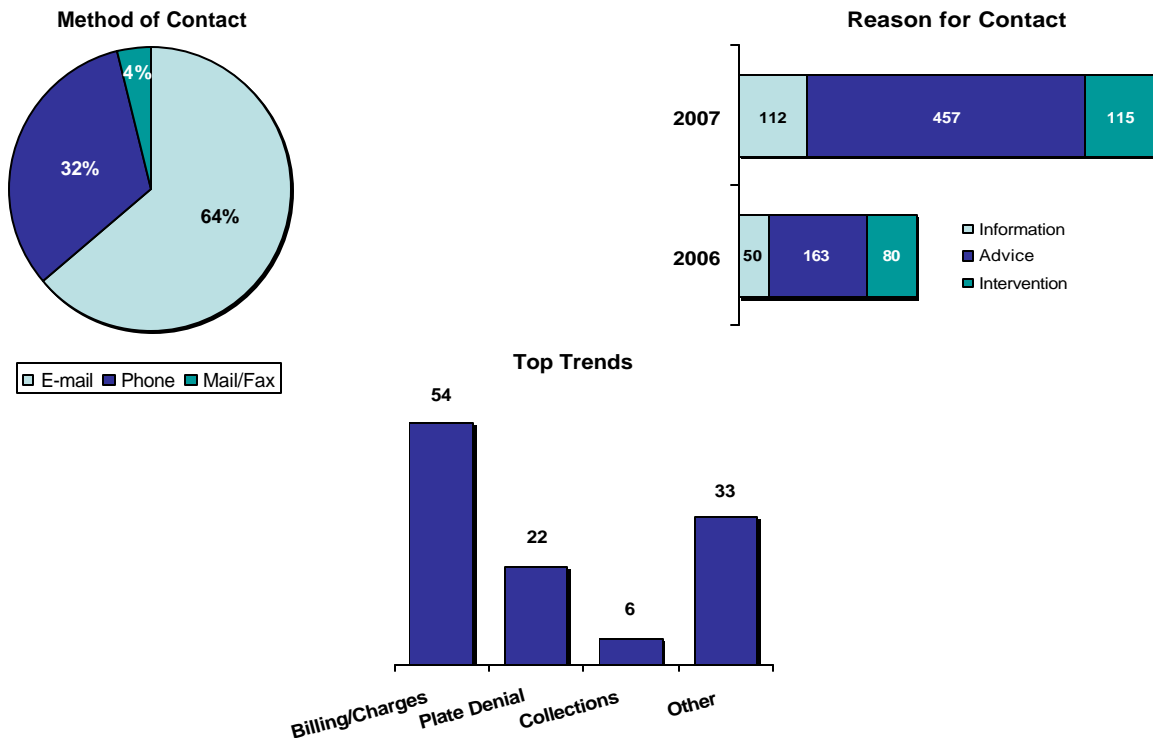
Number of Contacts

In 2007, the Ombudsman’s Office received a total of 684 contacts (0.004%) out of 16.7 million bills mailed from January to December. Although it suggests a significant increase, it’s important to note that the 2006 report did not cover a full 12 months. Considering this, the number of contacts received for the first full year of operation is as expected. A customer can contact the Ombudsman via e-mail, telephone call, letter or fax. The preferred method of contact remained via e-mail (64%) followed by phone.

Of the 684 contacts to the Ombudsman’s Office, where only 17% (115) of the contacts required action by the Office of the Ombudsman – a 37% decrease from the previous year, based on a full 12 months of operation. The remaining 16% (112) of contacts were for informational purposes only and 67% (457) of contacts had not previously requested help utilizing Steps 2 or 3 of the dispute resolution process.

Statistical Summary

The following charts depict total contacts by method and the reason for contact as a percentage, and the top five issues investigated by the Ombudsman’s Office. Reasons for contact are divided into three categories which are defined below.



“Informational” contacts are enquiries that do not involve complaints or concerns. They are requests for general information that are forwarded to the appropriate business unit for a direct response.

“Advice” contacts are complaints or concerns that have not been through Step 2 or Step 3 of the dispute resolution process. These contacts require the opening of a file within the Ombudsman’s office and the issue is forwarded back to the appropriate business unit for an investigation and resolution.

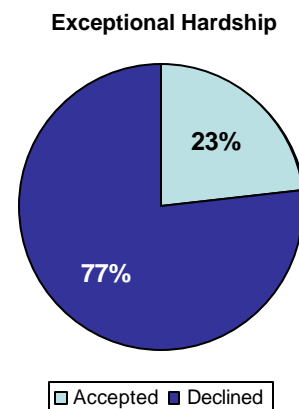
“Intervention” contacts are complaints or concerns that have been reviewed by Step 3 of the dispute resolution process. The Office of the Ombudsman undertakes an investigation and endeavours to provide a written response to the customer within 10 business days.

The majority of cases reviewed by the Ombudsman involved personal customers, as business customers continued to represent less than 5% of the total volume. Of the 115 cases resolved by the Ombudsman's Office, full agreement was reached in 12% of the cases (whereby the Ombudsman's Office found a failure to follow a business process); 36% a partial agreement was reached (the business process was followed by 407 ETR; however, based on the merit of the complaint, further allowances were made) and no agreement was reached in 52% of the cases. Since the primary mandate of the Ombudsman's Office is to review 407 ETR's business practices and processes, agreement could not be reached in these cases because business processes were followed by 407 ETR appropriately. It is not within the Ombudsman's mandate to make financial settlements on customers' accounts; award punitive damages or reimbursement for stress and inconvenience.

Exceptional Hardship Cases

407 ETR introduced an Exceptional Hardship Payment Plan, in an effort to assist those customers who have accumulated significant debt with 407 ETR, and would suffer an exceptional hardship through the denial of their vehicle licence plate permit. The review of these applications remains part of the responsibility of the Ombudsman's Office.

The Ombudsman received 131 applications for the Exceptional Hardship Payment Plan in 2007. A total of 77% of these applications were declined. As with the previous year, many of the applicants applied based on the grounds of a "financial hardship". Although financial difficulties are challenging, the successful applicants to the plan were able to demonstrate, through supporting documentation, that the denial of their vehicle permit proved a loss that was immediate, significant and lasting.



Going Forward

2007 proved to be a benchmark year for the Office of the Ombudsman at 407 ETR. Through 12 full months of operation, we were able to guide many customers through the dispute resolution process to find resolution to their concerns. Although overall contacts to the Ombudsman's Office increased, it remains very small relative to the nearly 17 million bills mailed in 2007.

Overall customer satisfaction with 407 ETR showed an 8% increase in 2007, particularly in the areas of quality of service, customer contact with the call centre and corporate impression. This is attributed to, in part, customer feedback and interaction with the Office of the Ombudsman and the various business units at 407 ETR, mutually working together to improve on business processes that were not effective for the customer or the business. 407 ETR has many initiatives slated for implementation in 2008 to continue building on improving the customer experience.

407 ETR remains fully committed to the Office of the Ombudsman and the dispute resolution process which holds paramount the reviewing of the facts of an unresolved issue and the guiding principles of maintaining fairness and reasonableness to provide a resolution. Based on feedback received from many customers over the past year, we will be introducing a list of Frequently Asked Questions on 407 ETR's website (www.407etr.com), explaining how the Office of the Ombudsman can assist a customer with their dispute. Our goal is to assist customers with finding resolution to an issue within the framework of the dispute resolution process, whenever possible. We will continue to provide feedback to the business units within 407 ETR to improve processes and best practices and remain committed to providing a forum where customers can be heard in an unbiased and impartial manner.

Case Study #1

Issue:

A customer contacted the Office of the Ombudsman in November, 2007 as his vehicle plate permit renewal was being refused for outstanding 407 ETR charges. The dispute was regarding late payment fees and interest applied on his account. He had used the Highway from December 1998 to July 2001, and did not make his first and only payment until July 1999. As a result, late payment fees were applied in June and July 1999. Customer requested that all interest be reversed on his account, along with both late payment fees.

Investigation:

The investigation conducted by the Customer Advocacy Group and Office of the Ombudsman revealed the following:

- Bills were sent to the correct address;
- Customer is the registered plate permit holder;
- Customer did not make initial contact until January 22, 2003;
- Customer's first trip on the highway was on December 31, 1998. He continued to use the highway regularly through to July 2001;
- Customer did not make a payment towards his account until July 23, 1999 – 204 days after his initial usage; and
- Customer received 'Notice of Failure to Pay' notifications that went undisputed;
- It was determined that the application of the first late payment fee was appropriate, while the second late payment fee was inappropriate. However, both late payment fees were reversed, along with the interest associated with the late payment fees from the period of July 1999 to October 2007.

Ombudsman's Response:

We advised the customer that the issue was treated in a fair manner as he failed to make payment for his usage in a timely manner. And, while the first late payment fee was appropriately applied, both late payment fees were reversed as a gesture of goodwill, along with the interest associated with those fees. The customer was requested to make payment for his remaining usage and the legitimate interest that was applied over that period, as he was receiving his account statements.

Final Outcome:

We advised the customer in writing that 407 ETR followed the correct process regarding the application of the first late payment fee. The customer received his account statements and failed to make payments on time. As noted above, adjustments were processed; however, the customer wanted all remaining legitimate interest to be reversed. The customer also referenced a 2003 Class Action Settlement in his dispute, and we confirmed that he did not request for a refund during the validity period.

Case Study #2

Issue:

A customer was disputing Video Toll Charges, due to minimum trips, on his 407 ETR account that were incurred in July 2005. The customer was using a transponder from his employer in his personal vehicle. However, the business and personal account were not consolidated. The customer left the employer in August of 2005. As a result, the customer escalated to the Office of the Ombudsman in October 2007 for investigation. The customer was requesting the VTC's incurred in July 2005 be reversed, along with the associated interest. The customer was also in Plate Denial.

Investigation:

The investigation conducted by the Office of the Ombudsman revealed the following:

- Customer is the registered plate permit holder;
- Invoices were sent to the correct address;
- Customer continued to use 407 ETR with his personal vehicle through to August 2007, having leased his own transponder;
- Customer continued to make payments to the account, less the disputed amount, until December 2005;
- Customer received 'Notice of Failure Pay' notifications that went undisputed;
- Customer's former employer contacted 407 ETR in July 2005, to confirm his period of employment and provided the transponder i.d. number the customer had been using, which was leased by the company;
- Trip details were matched, confirming the use of the specific transponder in the customer's vehicle;
- No further VTC's were incurred by the customer beyond July 2005

Ombudsman's Response:

We advised the customer that we would be reversing the video toll charges that had been applied towards his account, along with the pro-rated interest associated with the video toll charges. The remaining interest and usage charges on the account were legitimately owed to 407 ETR for non payment from the period of August 2005 to August 2007, as the customer had been receiving his account statements at the correct address. Customer was requested to make payment for his remaining charges.

Final Outcome:

We advised the customer in writing that a breakdown had been identified, as account conversations confirmed that the customer was in fact using a business transponder with authorization from his former employer. The former employer had contacted 407 ETR directly to provide all the necessary information. Consolidation of the accounts would have been recommended to the customer; however, he was no longer employed with the employer and therefore no longer had use of the business transponder. Adjustments were processed to the customer's satisfaction. The customer remitted payment for the remaining usage and applicable interest.