

Cover sheet for response to an Ofcom consultation

BASIC DETAILS

Consultation title: Review of Alternative Dispute Resolution and Complaint Handling procedures.

To:

Name of respondent: Anthony Foster, BT Retail Commercial, Legal and Regulatory team

Representing: BT

CONFIDENTIALITY

What do you want Ofcom to keep confidential?

Nothing

Name/address/contact details/job title

Whole response

Organisation

Part of the response

If there is no separate annex, which parts?

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Name

Signed (if hard copy)



4th October, 2008

**BT'S RESPONSE TO OFCOM'S
CONSULTATION:
REVIEW OF ALTERNATIVE DISPUTE
RESOLUTION AND COMPLAINTS HANDLING
PROCEDURES**

Please address any queries on this response to: anthony.2.foster@bt.com

Introduction

BT welcomes the opportunity to comment on this consultation. Alternative Dispute Resolution and Complaint Handling Procedures are a vital part of our customers' experience with us. BT is constantly developing its service to customers and the area of complaints management is no exception.

Many of the proposals we consider best practice and several BT already have in place as part of our customer service offering to our customers. However, some of the proposals seem to us to amount to undue regulatory intervention in what are areas of commercial operation. We do not believe that this is needed. Whilst we support fully the drive to improve the consumer experience across the industry, we strongly believe that communication providers should have freedom in respect of how they achieve that.

Whilst we recognise that there are concerns about complaint handling in the industry, this could be argued to be a key differentiator for consumers and therefore supportive of choice. This is surely one of the key aspects of the quality of service information provided to consumers through the 'Topcomm' website. We do not accept that a prescriptive approach from the regulator in respect of companies' individual processes is appropriate, or ultimately helpful to consumers in what is a liberalised and competitive market place.

Question 1: Do you agree with the following definition of Complaint: "Complaint means an expression of dissatisfaction made to a Communications Provider related to its products or services, or the complaints-handling process itself, where a response or resolution is explicitly or implicitly expected."

1. BT understands why Ofcom feels that it needs a definition of "Complaint" for the regulation of complaints handling procedures and record keeping. We are very aware that CPs currently use a number of different definitions of "Complaint" in their internal procedures and systems. We believe that several use their definition to advantageous means specifically where comparisons are required.
2. However, the proposed inclusion of a fault report as a complaint is completely unjustified. A fault report in itself cannot be properly described as a scenario where individual customers are exposed to harm and detriment. Whilst technical service delivery is a fundamental part of what a consumer purchases, no CP offers a 'fault-free' experience. Nor do we believe that any consumer truly considers a fault to be an expression of dissatisfaction in line with the definition used in ISO 10002:2004.
3. The inclusion of fault reports will incorrectly skew complaint data giving a very negative picture of the industry, whilst adding nothing of benefit to consumers.
4. Whilst we accept that a common definition is probably the best way forward, and that the definition used in ISO 10002:2004 is as good as any, the inclusion of fault reports must be rejected.

Question 2: Do you agree that a consumer should have the right to go to ADR:

- (a) eight weeks after a complaint is first received by a CP; OR
(b) earlier, if a CP has issued a deadlock letter.*

5. BT fully supports this proposal.

Question 3: Do you agree with our preferred Option 4 that a CP should be required to give written notice about ADR:

- (a) Within five working days after the Communications Provider received the Complaint, unless the complaint has been resolved at the first point of contact; (If a consumer contacts a*

CP again about a matter which the CP reasonably believed to be resolved at first contact then notice should be given at that time)

AND

(b) eight weeks after the CP first receives the complaint, earlier if the complaint is resolved or when the CP issues a Deadlock Notice.

6. The proposal to give written notice within five working days, aside from being prohibitively costly (costs which would ultimately have to be passed on to customers in some shape or form), will, we believe, have a significant and diminutive effect on the level of service we offer our customers. The proposed five-day letter is disproportionate to any actual or perceived level of consumer detriment being experienced by consumers of the telecommunications industry; and that it is disproportionate to any theoretical improvement in respect of impact on a customer's actual or perceived view of his or her experience.
7. For the process of ADR to be meaningful, customers' awareness of ADR must relate to its timing and appropriateness. The test for this intervention is surely awareness amongst those that need to be told about ADR, not awareness amongst 100% of consumers, or even 100% of complainants. Informing customers of a right that in all probability they will not need to action arguably diminishes its effectiveness.
8. BT resolves the majority of complaints it receives very quickly and we are striving to reduce and eventually eliminate instances of complaints remaining unresolved for long periods without progress reports being given to the customer. Some complaints, however, do take longer than others to resolve and it is our view that so long as the customer is content with the actions being taken, there is no need to advise a huge majority of our customers about a process they will not have to use. BT already 'signposts' customers to ADR on our bills; thus our customers receive frequent and regular notification.
9. We disagree that a letter after five days will improve consumers' ability to access the ADR system appropriately. If anything, we believe that it is likely to increase stress and anxiety.
10. We foresee a significant potential problem with a requirement for the automatic dispatch of a letter at a point in time in relation to the date of the original complaint. There will be cases where we (or any service provider) have been unable to resolve the complaint within a few days. In most cases, we will have agreed a course of action and/or kept our customer informed accordingly. In such cases it will be wholly inappropriate to send an automatic letter because we will not have had sufficient time to deal – nor will that be the customer's perception (These may be complex billing complaints or compensation claims, for example. They may also relate to issues out with Otelos Terms of Reference, such as complaints about telegraph poles or street works).
11. The dispatch of five-day letters will to some degree lead to more premature contacts and investigations for the ADR schemes. This in turn will may put pressure on their resources and increase their costs. Since the ADR schemes are industry funded, this will be a further cost burden on the industry as a whole.
12. We would argue that customers would rather we spend our time and resource resolving their problems than explaining to them a process of which they will, in all likelihood, have no need, and which at that point they are ineligible to use. Moreover, we are confident that we can resolve most complaints within a short timescale: Ofcom's proposal gives customers the impression that we expect to fail, and thus hardly engenders confidence in the communications industry.
13. It is also our view that such a proposal would cause customers to 'short circuit' the process. This would lead to an increase in premature escalations to the ADR provider. Otelos latest annual report shows that almost 70% of all current contacts it receives are outside its Terms of Reference, most commonly because the customer has made contact too early in the process and has not allowed the company adequate opportunity to

resolve the complaint. As well as impacting on their (and therefore the industry's) costs this has the disadvantage of giving the customer a worse experience because his or her expectations will not be met. The customer will also have to be directed back to the service provider – increasing dissatisfaction and increasing unnecessarily the volume of contacts to be handled.

14. Furthermore, there is a strong environmental argument against producing this amount of additional printed material. BT is a leader in “Social Responsibility” and in the context of environmental impact, climate change and green issues a requirement for us to send out unnecessary printed material would not sit well with us. We also think that our customers would consider this requirement an additional burden on already stretched natural resources. It would be contrary to current BT ‘Social Responsibility’ (where BT has been named Company of the Year in the prestigious annual Business in the Community (BiTC) Awards for Excellence) and indeed governmental policy. We believe Ofcom should also be concerned about this.
15. We believe that the interests of our customers, our shareholders and ourselves are better served by investing in the continual improvement of our customer services (including complaint handling) rather than diverting substantial funds to something that is of very little benefit to the vast majority of our customers.
16. We therefore urge Ofcom to consider ‘*Option 2 – When the customer can go to ADR*’. Clearly the main advantage of this Option is that customers’ get a specific notice of ADR targeted at the most relevant time, although we, like others no doubt, are a little confused by the phrase in part (b) of the proposal “*earlier if the complaint is resolved*”. Why would Ofcom wish CPs to send a letter about ADR for a complaint that has been resolved to the customer’s satisfaction?

Question 4: Do you agree that the notice about ADR which CP should give must be:
(a) *be in writing in a durable form be in plain English, clearly written and concise;*
(b) *include a reference for the complaint; include details of the ADR Scheme which the CP is a member of, including contact details;*
(c) *and summarise when the consumer has the right to go to ADR Scheme and the role of the ADR Scheme.*

17. We believe that SMS texting is no less ‘durable’ than email or even a hard copy, and should be included. Texting can be stored and retrieved. It is readily available, transportable, and less likely to be ‘lost’.

Question 5: Do you have any comments on the criteria which we propose we will use in our future review approval of the ADR Schemes?

18. We support the criteria as stated.

Question 6: Do you agree that CPs should be required to comply with a single Ofcom Approved Complaints Code of Practice, which sets out high level mandatory standards for complaints handling?

19. Whilst there may be a case for the regulator to expect certain broad performance standards in respect of resolving complaints, how those standards are achieved should be left to individual companies. Customer Service, including the resolution of complaints, is a service differentiator and customers can choose to place their business with companies that invest in customer service.
20. We believe that imposing a regulatory requirement to this level of day-to-day operational process effectively ties a company’s hands in respect of its own commercial policies and practice in this area. We believe that Ofcom is able to achieve the same ends within the

current environment. The move to a single Code is unnecessary and of no consumer benefit.

Question 7: Do you agree that CPs should be required to keep a log of all complaints? We could require CPs to log complaints when they are first received and as they are handled.

These records must include as a minimum for each Complaint a log setting out:

- (a) details of the Complainant, including their name and address;*
- (b) the date on which the Complaint is first received;*
- (c) a description of the Complaint; (d) and a description of how the CP deals with the Complaint.*

21. BT already records and monitors all complaints. We use this information to analyse all complaints to identify and help address recurring and systematic problems. Our systems provide the facility to categorise issues, whether they are complaints, enquiries, internal issues or customer bouquets. We further categorise complaints into functional areas such as billing, faults, provision, etc.

Question 8: Do you agree that three months from publication of the Statement for this Review is a reasonable period to implement the changes proposed in this Consultation Document?

22. Whilst some of these proposals can be implemented within the three-month timescale, others require major system developments at a time when BT is already committed to long-standing changes. In particular, any requirement to implement additional notification in a durable form will require significant development to ensure compliance. BT is willing to discuss this separately with Ofcom.

- END -