



THE UK COMPLAINT
HANDLING
AWARDS'19



COMPUTING THE FUTURE OF COMPLAINT HANDLING

With Insight into Effective Complaint Handling Strategies
from Award-Winners HSBC UK

"By 2020,

***85% of all customer interactions will be handled without a human agent."* IBM**

In 2018 as customer expectations continue to rise thanks to the internet, companies are needing to adapt and expand their approach to customer service and complaint handling. Consumers may be feeling connected to brands more than ever, but the downside for companies is the expectation of instantaneous replies to queries and the limitations of their workforce to handle the demand.

There is an increasing need to resolve customer service issues quickly, with the days of sending a complaint letter via snail mail now a thing of the past. The customer of the imminent future will have their issues dealt with through the use of AI, chatbots and automated, self-service technologies.

Both in the UK and abroad, organisations are all making the move towards being more customer-focused and customer-centric. It is also apparent that customer-centricity has sprouted in industries where customer experience was never perceived as important, and businesses that belong to those industries are now looking for new ways to go out of their way and provide the level of service modern customers are used to.

Advances in technology will play an important role in improving areas of complaint handling, with connected devices, automation, and artificial intelligence (AI) enabling organisations to manage enquiries instantly, gain better insight into their customer needs, and address issues more efficiently.

Utilising technology in this way doesn't mean fewer humans are needed, but that call centre employees can move away from their 'first-response' roles and focus on more complex tasks.

5 Reasons

Why This Technology Will Benefit Complaint Handling

1 Pro-active Solutions

Through means such as Artificial Intelligence and the Internet of Things, a network of connected devices can offer advanced insight into the performance of products and services in operation.

Utility and telecoms companies will use this emerging technology to allow their engineers to find and fix issues before the customer even notices, therefore preventing complaints and significantly lowering customer attrition rates.

Continually taking action to improve the customer's experience and outcome and anticipate the customer's current and future needs is paramount for effective complaints management, and technology can greatly assist with this. As the saying goes prevention is better than cure.

"Systems with AI embedded can monitor a nearly infinite amount of website and in-app activity for distress indicators, identifying customers experiencing issues and what those issues are. The system can respond in real-time offering support through FAQs or virtual service agents across platforms and devices." IBM

2 Always On

Automated services are not constrained by time zones or public holidays, they are always on and available. Whatever time of the day, customers around the world can receive the support they need instantly, without having to wait hours or days for a reply. The service is reliable and can be programmed to escalate the interaction to a manager if it cannot solve a customer query.

When something goes wrong the customer will feel frustrated but a speedy solution and a high level of service is an effective way to increase customer satisfaction and reduce churn. Showing customers that you care about resolving their issues efficiently is highly valuable for building a brand's reputation and evoking trust.

A study by [Zendesk](#) showed that 42% of B2C customers purchased more after a good customer service experience, whilst 52% stopped buying after one bad customer service interaction.

3 Self-Service is More Satisfying

According to [Forrester](#), we are now 5 years into the 'Age of the Customer' and these empowered consumers are increasingly particular about what they expect from a brand and how they want to interact with its customer service. In a research carried out by [desk.com](#) four in five Millennials (those born between 1980-2000) would use social media for customer service and prefer it over phone interactions.

These tech-savvy users want to solve their own issues through the use of FAQs, forums and online chat or bot services. It will, therefore, be essential for companies to offer these services and use automated technology to satisfy this need. So, with most millennials hating the thought of picking up a telephone, it is vital for companies now to offer omnichannel support through live chat support, chatbots, and online information.

4 It's Getting Personal

With the amount of big data collected by companies, it's not unreasonable for customers to want to stand out from the crowd and be offered a service that is truly tailored to them. Organisations can combine this big data with machine learning and AI to deliver a first-class level of personalisation throughout the customer journey and ensure their customers don't just feel like a number.

According to [Salesforce](#):

"There is a considerable opportunity for brands that are able to interact on an individual basis with customers – from personalizing marketing journeys, to providing informed and unique customer care, to better understanding a customer's unique needs. 72% of consumers and 89% of business buyers say they expect companies to understand their unique needs and expectations, while 66% of consumers say they're likely to switch brands if they feel treated like a number, not an individual."

Personalisation can range from simple product recommendations based on past purchases, offering additional help and support after purchase to avoid issues to redesigning websites in real-time to tailor to an individual customer's reading level and browsing habits. The more your customer feels like they are being looked after on a personal level, the greater the bond they will have with your brand.

5 Speedy Scalability

Whatever the size of the company, this new technology allows organisations to scale their customer service quickly, even with limited resources. Automated services allow enquiries to be dealt with at first contact, with the option to be escalated to a member of staff if necessary. This technology is perfect for SMEs who do not have the staff resources to deal with smaller issues.

With this technology, when a new product is launched the company can set up interactive FAQs and resolve thousands of customer queries without the need for human interaction. Using AI and chatbots that continuously learn from each interaction, brands can speed up their service dramatically and quickly transition into new areas without the limitation of employing and training staff that speak the local language.

"69% attributed their good customer service experience to quick resolution of their problem." Zendesk

Banking on **The Future of AI**

At the UK Complaint Handling Awards 2018, **HSBC UK** took home the top prize in both the 'Best Finance & Insurance' and the 'Product & Service Improvement – Improving Customer Experience' categories.

The use of emerging technology is an important factor in the banking industry and in 2017 HSBC published a report called 'Trust in Technology'. This report is based on a survey of more than 12,000 people and examines attitudes towards digital tools in 11 countries around the world.

In this report, the HSBC looks at the advantages of bringing in 'robo-advisors' to tackle their customer service needs. For banks, the use of AI could herald quicker response and resolution times, and offer financial guidance to a wide-ranging audience:

"The robo-advisor poses questions to the user and then outputs the best course of action based on the evidence. The process can account for risk appetite, age, investment goals, awareness of financial matters, and many other critical factors just as a professional financial advisor would. The service is hailed as a way to offer financial advice to a broad audience, delivered at their convenience via the web."

Here is an overview of their reasons why HSBC feels AI will improve their customer service:

7 Reasons **why Robo-Advisors Work**

1 Harness the wisdom of multiple experts

Users can access the elite advice of many outstanding minds in one advisor.

2 Low cost

A major factor in the rise of robo-advice is the cost, which cuts consultancy fees and means savings for users.

3 Friendly user experience

Accessible from any PC or mobile device making them convenient for people living in remote areas or working unsocial hours.

4 Frequent upgrades

For robo-advisors constant improvement, and near unlimited, accurate memory is a way of life.

5 Real-time information

A robo-advisor can be plugged into market data to match advice to market changes.

6 Rebalancing

Ongoing portfolio rebalancing is now seen as a main strength of robo-advisors.

7 Works together with humans

Robo-advisors take the simpler and more onerous duties, liberating human counterparts to focus on specialist activities.

The benefits to customer service and in particular complaint handling is very clear, with AI reducing response times and resolve complaints effectively, and removing the pain factor of staying on hold for long periods of time trying to get to speak to an operator. The ability of this software to update and learn as it goes along means that complaint handling can be constantly improved, and the customer can find the answer they need in one instance, rather than being passed around to different departments to find the right source of knowledge.

“There is an advice gap in financial services. Unless you have a certain amount to invest asking a professional adviser doesn't make sense, and that is where a robo-advisor can really help a big chunk of society. The technology is actually quite simple, using ‘if then’ decision logic. The results are crafted by our best advisors and consistent with the regulatory framework, so everyone gets a very high standard of advice.”

Charlie Nunn, HSBC Global Head of Wealth Management

HSBC knows that technology is a key factor in shaping our lives and so it is important to embrace the changes and use them to improve upon existing strategies. You can read the full report ‘Trust in Technology’ online [here](#).

HSBC

Winning in the UK Complaint Handling Awards

HSBC PLC is one of the world's leading banks and operates with an international network of around 3.900 offices in 67 countries and territories.

HSBC UK has around 15 million customers, with approximately 30k staff, and offers the full range of retail banking, commercial banking, and wealth management products and services. HSBC UK has 700 high-street branches; on-shore and off-shore contact centres and service teams, and a developing digital channel. It also includes the Marks and Spencer Bank, and First Direct brands.

This report looks at the effort HSBC made to turn their complaint handling around to greatly benefit both customers and staff. This inspiring initiative led them to win the 'Best Finance & Insurance' and the 'Product & Service Improvement – Improving Customer Experience' categories at the UK Complaint Handling Awards 2018.

HSBC's

Complaint Handling Teams

Overall there is around 14000 staff who deal directly with customers and may have to deal with complaints.

In 2016 HSBC created a focused complaints team, with a wide remit to learn from mistakes and fix them. HSBC's complaint handling teams used to be scattered throughout the complexities of the bank with complaints treated as things which needed to be done right, but which should be kept in the background. The teams lacked focus and were inefficient; customers didn't get the best resolution to their problems, and HSBC wasn't able to learn from its mistakes.

The Drivers for Change

In 2014 and 2015 it was clear from internal measures of speed and quality, and from information from the FCA and FOS, that HSBC was performing poorly for complaints. Customer complaints were being handled by different teams which were mostly just tagged on to the areas which the complaints related to, and customers suffered through a disjointed complaint process.

HSBC felt they weren't focusing on what their customers needed and weren't able to get any genuine insight into what caused their customers problems and how to fix things, so the problems didn't happen again.

They surveyed customers who complained and 85% of them felt they hadn't gone the extra mile; and 65% felt the bank hadn't dealt with their issue in a reasonable timeframe. More than half of their customers (54%) were not able to resolve issues right there and then, often leaving without an understanding of what happened next.

HSBC was at the bottom of the regulatory ladder with a 57% change in outcome when they took their complaint to the Financial Ombudsman Service. They investigated further with staff and found:

- Fear that complaints would be used against the people responsible for reporting them.
- Complicated and often duplicated controls and processes.
- Limited coaching and outdated training material.
- Inadequate systems
- Disjointed governance structure aligned to products rather than customers
- Different approaches to management information and analysis creating inconsistent assessments of what their customers were saying

Overall there was no focus or understanding of complaints and HSBC knew they had to make radical changes in order to get it right for their customers, their people and the Bank.

The Outstanding Initiative Delivered

HSBC decided to consolidate all their complaint handling teams into one, with a clear management oversight and a strong focus on fixing things for the customers now and in the future. They implemented the following strategies to improve their customer's experience and empower staff to handle complaints effectively and confidently:

- **Creating the Service Recovery team**

They looked at employee's skills and capabilities and customers needs and brought together operational complaints handling teams, sitting together in key hub sites, enabling them to share best practice and coordinate resources and operational approaches.

- **Phone a Friend (PAF)**

A dedicated team created to support frontline staff in the branch network and contact centres to provide guidance on how to resolve customer complaints. This was also used as a coaching tool, supporting their people to be better equipped to provide fantastic customer service through all channels.

- **New policy and governance teams**

This group was to ensure their complaints outcomes were fair and reasonable and that all parts of the bank learnt from their decisions. HSBC reviewed the entire complaints process and approach, guidance and procedures, and empowered staff with greater flexibility of choice in how they resolved customer's issues.

- **Training**

HSBC reworked training to be simpler, more consistent and more effective across all of the UK banks. They developed training on judgement and decision making, influencing, persuading, building rapport and tone and empathy. They also created an online simulator, to enable staff to practice recording complaints.

HSBC also put in place a feedback loop with all staff able to highlight and escalate what was going wrong and what was stopping them from doing their job and from helping the customer. The heart of Service Recovery was put together in 2016, with additional small teams integrated from the different brands throughout 2017.

The Impact on the Company

The Service Recovery team is now 500 people, dealing with specialist and escalated complaints, and supporting the branch network and contact centres in their complaints handling.

The creation of the Service Recovery team had an immediate and ongoing impact, with huge improvements to the speed and quality of complaints handling, leading to much better customer outcomes.

- First Point of Contact resolution has gone from 45% up to 75% across all channels, putting HSBC second best in the industry in terms of the percentage of complaints resolved in 3 days.
- Phone a Friend has helped the network and contact centres to go up to over 90% FPOC resolution. Wait time for complaints not resolved at first point of contact has also improved massively, and an average 19 day wait for a resolution has now reduced to 6 days.
- The number of complaints at any one time which have taken more than 8 weeks has dropped from an average of 700 to around 100 – and these are now only the most complex cases or ones where they are unable to progress the complaint until further information is received from outside HSBC.
- The simplified Quality Assurance has seen improvements of 32% for complaints recording checks and 35% improvement in customer outcomes which now stands at over 90% across all teams in the bank.

Since the creation of the Service Recovery team, HSBC has identified and fixed over 200 key root causes of problems. This has led to HSBC being the only bank in the UK to maintain stable numbers of complaints in H1 2017 versus H2 2016 – all others have seen an increase.

The Business

Results Achieved

In 2014 and 2015 HSBC was at the bottom end of the industry but is now number 2 for cases where FOS have changed the outcome in favour of the customer (21% of FOS cases), and also number 2 in terms of the percentage of complaints which go through the FOS (1.99 FOS cases per 100 original complaints).

In addition to the customer benefits, staff have also benefited, and Service Recovery scored higher than comparable teams and the bank average across all the management and staff development categories of the 2017 staff survey.

Staff morale and engagement is high, in particular as staff and managers are in control of their workload and empowered and able to do a good job for their customers. This has resulted in decreased staff absence and increased internal applications to join the team, as well as indirect benefits such as increased engagement in community and charity activities.

Finally, but importantly for a highly regulated industry, the creation of the Service Recovery team, with its dedicated focus on complaints handling, and its support and governance work, has seen the residual risk rating for complaints reduce from very high in 2015 (when an internal audit identified up to 50 serious issues to be fixed) to high and now in summer 2017 to medium for the first time.

In a short period of time, HSBC has seen massive improvements to the speed and quality of complaints handling, going from middle of the pack to the top of internal and external measures, with best in class outcomes from the Financial Ombudsman Service.

Their new insight and root cause analysis has enabled HSBC to understand and fix long-standing problems and costs and resources have dropped with increased efficiency. The complaints residual risk has been downgraded from very-high, to high, and then to medium, for the first time ever.

The UK Complaint Handling Awards 2018

The UK Complaint Handling Awards is the only business awards of its kind. Recognising companies for great advancements in the field of complaint handling, the Awards are a great platform for any business that wants to let the world know about their achievements.

The UK Complaint Handling Awards also have a wide range of categories which ensure recognition in many areas of development, providing an equal opportunity for practically any form of business development related to complaint handling.

If your company has developed complaint handling initiatives that deserve their fair share of recognition, then head over to the UK Complaint Handling Awards website to find out more and learn how you can take part in this one of a kind event.

Click [here](#) to find out more about this year's awards.