Better complaint reporting

Lessons from the 2017 Annual Compliance Statement Verification Program, Part 3

1 June 2018

Introduction

Each year, the Customer Owned Banking Code Compliance Committee holds in-depth compliance discussions with a sample of institutions for the Annual Compliance Statement Verification Program. This gives the Committee valuable insights into institutions' day-to-day management of their Code compliance obligations. These insights can inform best practice for institutions and improvements to the Committee's own compliance monitoring activities.

Collecting the data

In November and December 2017, Committee staff held individual teleconferences with compliance staff from participating institutions. In each discussion, the Committee sought more information about:

- how the institution **manages and monitors Code compliance**
- any information **privacy breaches** it had reported in the Annual Compliance Statement
- the institution's **compliance culture, and any good practices** employed.

In preparation for the discussion, each institution was given a copy of its 2016–17 ACS response as well as a benchmarking report that presented its compliance data alongside information about other institutions of a similar size and industry performance overall.

Most participants welcomed this 'like for like' comparison and insight into industry trends. However, some institutions said that variation in how institutions record and report complaints makes accurate comparisons difficult.

Participating institutions

Twenty-four institutions participated in the ACS Verification Program, including:

- **all** large institutions (over $1b assets)
- **all** institutions that reported a privacy breach in their 2016–17 ACS
- **a sample** of micro, small and medium institutions.

Participants were geographically spread and varied in size.

Other papers in this series

For more insights from the ACS Verification Program, see the two other papers in this series:

- *Managing privacy compliance*
- *Better breach reporting*

Complaint reporting

The Committee's discussions with institutions as part of the ACS Verification Program highlighted the need for both institutions and the Committee to improve how internal complaints are recorded and reported.

Improving consistency in complaints reporting

A **complaint** or **dispute** is an expression of dissatisfaction made to an organisation, related to its products or services, or the complaints handling process itself, where a response or resolution is explicitly or implicitly expected. Where a complaint or dispute is resolved to the customer's complete satisfaction within five business days, the Australian Securities and Investments Commission doesn't require institutions to capture and record it and apply their full internal dispute resolution process.

This provision has led to differences in the way that different institutions record and report complaints resolved within five business days.

Of the 24 participants of the ACS Verification Program:

- Most institutions (17) record both **the number of these complaints** and **further information** about them, such as the product and issue involved and the outcome.
- A couple of institutions (2) record the **number of such complaints**, but **no further information**.
- A small but significant minority (5) **do not record these complaints** (although one will soon begin doing so).

Complaint data is valuable because of what it reveals about the root causes of problems and how service can be improved. Institutions that do record complaints resolved within five business days should also record complaint details in order to get the most value from this data.

> Good practice example

Documenting all complaints

All staff at are encouraged to document even the simplest complaints. Management at this micro institution can therefore check that the resolutions were appropriate and identify any emerging issues and trends. Any such matters are discussed as part of a fortnightly feedback and learning process.

Recording all complaints – but only complaints

A small number of participants said that some expressions of dissatisfaction – such as a disputed chargeback – are not recorded as complaints because they are not seen as related to the institution's products or services.

Institutions should record all complaints, even where a customer's dissatisfaction seems to relate to a third party product or service. Institutions are still responsible for third party products and services. Details of such complaints may give an institution useful information about its arrangements with the relevant third party.

Conversely, some participants said that they record all feedback in a complaints register – even general or complimentary feedback. This means that some Code subscribers are over-reporting complaints. Feedback should not be recorded as a complaint where there is clearly no expression of dissatisfaction.

Fine-tuning how complaints are captured in the ACS

In the ACS, Code subscribers are asked to categorise their reported complaints by both product and issue. Several subscribers noted that the complaint product and issue categories in the ACS do not align with their internal complaint recording. As a result, several participants had reported many complaints as 'other'.

Participants had suggestions for changes to how complaint data is captured in the ACS, recommending that:

- complaints should be able to be **categorised by more than one issue**, since complaints often involve several issues – such as charges, service and transaction
- complaint **product and issue categories should be clearer** and include examples to support understanding.

The ACS uses a single complaint issue for ease of interpretation. Institutions should record the complaint's main issue in ACS reporting.

The Committee will continue to review and fine-tune the ACS annually to ensure that it captures complaint data in a complete and consistent way and encourages feedback from Code subscribers.

> Good practice example

Simplifying complaint recording

One large institution has introduced a simplified process for recording, managing, monitoring and reporting complaints. IT made a number of categorisation changes in the drop-down menu of its complaints register. Staff can now record a complaint in a matter of a few clicks. The institution is now looking at how it can simplify further by merging its enterprise risk management system to its customer service system to create a single core operating system.