



## Guidance for Handling Customer Complaints

### Introduction

It goes without saying that nobody likes to hear complaints about themselves or their business. We would all like to believe that we deliver 100% satisfaction, 100% of the time. The reality, however, is that once in a while - whether valid or not - a customer will choose to complain about something. It isn't possible to stop complaints, but it is possible to turn them into something positive. Not only does the successful handling of a complaint benefit the customer, but it can also be of significant value to your business.

These Guidance Notes look further into customer complaints, considering their value, and providing some useful ideas on how best to handle them and to learn from them. References are also made throughout to the Customer Complaints Policies and Complaints Handling Procedures available from Simply-Docs. Whilst these Guidance Notes are not designed as a strict set of instructions for those documents, they do explain the principles embodied in them and the practices which should be adopted when using them.

### 1. Why Customers Complain

Customers complain for a variety of reasons. Some of those reasons may be covered by specific statutory provisions. Under the Sale of Goods Act 1979, for example, goods must be fit for purpose, of satisfactory appearance and finish, free from minor defects, safe to use, and durable.

If, then, goods fail to meet any of these implied terms, a customer has a legal right to redress. If, on the other hand, the salesperson selling those goods has an offhand or unhelpful manner, from a legal perspective the customer has no options. In all cases, however, whether the customer's rights are enshrined in law or just in plain common sense and decency, handling their grievance properly is important.

Some examples, then, of reasons why customers might wish to complain are:

- Goods are not fit for purpose
- Promises are broken
- Poor customer service
- Rude staff
- Incompetent staff
- Difficulty in contacting you
- Inconsistency when the customer can contact you (being passed from one person to another)
- Lack of understanding towards the customer
- Not receptive to complaints

There are many more, but suffice it to say that complaints are a common fact of business life and should be dealt with rather than avoided or worse - shrugged off. This applies even if the customer is wrong. At the risk of repeating a stale old mantra, "the customer is always right". Below, we explain why this should always be your starting point.

## 2. Why Don't Customers Complain?

The previous section would perhaps be better entitled "Why Customers *Want To* Complain". Here's a clue: it isn't because you're perfect! In many cases, customers opt not to complain because they do not feel that the business in question will pay attention. Many businesses fail to offer clear, easy to understand methods of making a complaint. Others simply fob the customer off with a discount voucher and carry on as usual.

The root cause of this in many cases is quite simply the fact that businesses don't invest sufficient time and resources in complaints handling. Some small businesses in particular may consider it unduly burdensome to have in place a full fat complaints procedure. How, after all, can you have a complaints department if you only have two employees? It is not, however, the number of bodies on the task that matters most. What is important is that those dealing with customers know how to handle complaints effectively. As is demonstrated by Simply-Docs' range of complaints handling documents, a business of any size can and should put suitable policies and procedures in place to manage complaints. Our starting point is a policy and procedure designed for a sole trader, building up to variants designed for large businesses with potentially thousands of employees. The essence of both, however, is the same.

## 3. Complaints Are Good - Embrace Them!

Nobody likes to hear bad things about themselves or about their business. It either feels harsh and unfair or it reminds us of something unpleasant that we'd rather not deal with. A complaint might also mean going out of your way to compensate a customer (whether or not they are legally entitled to some form of compensation), perhaps incurring a cost that you would rather not incur. The key to fostering a positive attitude about complaints handling, however, is to change your viewpoint. Complaints are free (or cheap) market research!

### 3.1 Complaints as Information and Communication

An oft-cited sum is that it costs five times more to get a new customer than it does to keep an existing one. We see no reason to quibble with this and, keeping it in mind, the value of complaints handling becomes clearer.

Even a customer who doesn't find their experience with you particularly satisfying may come back because it's the easy thing to do, but would they recommend you to their friends? Perhaps not. Problems like poor customer service, goods and services that fall on the lower side of average or marketing tactics that customers find irritating or abrasive may go unnoticed. As long as people keep coming through the door (whether a literal one or a metaphorical one) and keep spending money, things must be fine, right? Not necessarily. Be encouraging your customers to give you feedback, you can gather a great deal of valuable information.

*Customer X might have been buying regularly from you for five years, but have they referred their friends, Y and Z to you? No, because they find your staff to be disinterested and your range of products to be limited with items often out of stock. They keep coming back because it's convenient and expressing their grievances to the aforementioned disinterested staff is met with little more than a shrug and an excuse.*

*By making it clear that you welcome complaints and are eager to learn from them, and by making it easy for customers to make those complaints, Customer X may decide to get in touch. By responding, not only by way of an apology but by encouraging your staff to be more friendly and engaged and by making sure your shelves are better stocked, Customer X will be more likely to point Y and Z in your direction. They will also be more likely to stay loyal to you if another equally convenient competitor comes along.*

Thus, by letting customers know that you value what they have to say - even if it isn't overly flattering - you can improve your business, keep your customers happy and loyal, and will be more likely to expand your customer base in the process.

### **3.2 Failure to Respond in the Social Media Age**

Not only does effective complaints handling improve your business, please your customers and foster goodwill, but it may also protect you. Before the advent of social media and the rise in popularity of websites like Money Saving Expert, disgruntled customers had a more limited range of fellow customers to take with them. Now, however, a single Facebook post or tweet can spread far and wide, taking your name and reputation with it - for better or for worse! Not only is the internet a powerful advertising tool for you, but it can also be turned against you if you don't keep your customers happy. We will return to the use of the web in managing customer feedback below.

## **4. Key Rules for Complaints Handling**

We have thus far established *why* it is important to have a visible, welcoming and useful complaints handling procedure, now we must turn to *how*. By way of an introduction, the principles from the British Standards Institution demonstrate clearly what a good complaints handling process should do:

### **Visibility**

Information about how and where to complain should be well publicised to customers, personnel and other interested parties.

### **Accessibility**

A complaints-handling system should be easily accessible to all complainants. Information should be made available of the details of making and resolving complaints. The complaints-handling process and supporting information should be easy to understand and use. The information should be in clear language. Information and assistance in making a complaint should be made available in whatever languages

or formats that the products were offered or provided in, including alternative formats, such as large print, Braille or audiotape, so that no complainants are disadvantaged.

### **Responsiveness**

Receipt of each complaint should be acknowledged to the complainant immediately. Complaints should be addressed promptly in accordance with their urgency. The complainant should be treated courteously and be kept informed of the progress of their complaint through the complaints-handling system.

### **Objectivity**

Each complaint should be addressed in an equitable, objective and unbiased manner through the complaints-handling process.

### **Charges**

Access to the complaints-handling process should be free of charge to the complainant.

### **Confidentiality**

Personally identifiable information concerning the complainant should be available where needed, but only for the purposes of addressing the complaint within the organisation and should be actively protected from disclosure, unless the customer or complainant expressly consents to its disclosure

### **Consumer-Focused Approach**

The organisation should adopt a consumer-focused approach, should be open to receiving feedback and complaints, and should show commitment to resolving complaints by its actions.

### **Accountability**

The organisation should ensure that accountability for and reporting on the actions and decisions of the organisation with respect to complaints handling is clearly established.

### **Continual Improvement**

The continual improvement of the complaints-handling process and the quality of products should be a permanent objective of the organisation.

(Source: BS ISO 10002:2004)

## **4.1 Have a clear and welcoming policy**

Ensure that your customers know that their feedback, whether positive or negative, is welcome. They should not feel at all intimidated at the prospect of making a complaint. At all times the customer should understand your complaints handling procedure and should never be made to feel like they are being a pest.

## **4.2 Have a clear procedure to back up that policy**

Your internal procedures should support your customer-facing policy at every stage. Having a formal complaints handling procedure in place helps to ensure that complaints are handled in accordance with your policy (and, by extension, the customer's expectations) and, most importantly, uniformly and fairly.

## **4.3 Ensure that the right staff are on the job**

Depending on the size of your business, you may be handling complaints yourself or you may have an entire department dedicated to the task. Regardless of where you sit on the scale, ensuring that those handling complaints are suitably trained is vital. Ensure that complaints handling staff are aware of these rules, consider on-the-job training such as mock complaints, and most

importantly, ensure that things are not forgotten. Periodic refresher training and feedback sessions help to keep the principles and important points at the front of peoples' minds and actions.

#### **4.4 Make it easy to contact you**

This rule extends beyond complaints handling. Many businesses, especially those that exist only online, can be difficult to contact. Some customers may be happy to communicate by email, but others prefer to talk to a human being. Provide as many methods of communication as possible for your customers and, above all, make it easy to find them. Burying a premium rate telephone number behind an endless tree of questions on a web page, therefore, doesn't qualify. In point of fact, following the Consumer Contracts Regulations 2013, even shouting a premium rate telephone number from the rooftops is not acceptable. The Regulations require that customers must not be required to pay for more than a basic rate telephone call when calling traders for anything connected to goods or services purchased - including complaints. There may, of course, be those complainants who are not customers but to have an 0845 number for them and an 0300 for everyone else runs rather contrary to the spirit of good complaints handling!

#### **4.5 Ensure that complaints are given priority and dealt with quickly**

Aka "don't sweep them under the mat and hope they'll go away". A quick response, followed by a timely and efficient investigation process will help to ensure that the customer is not further frustrated and will limit any potential damage on either side. The time limits included in the Policy and Procedure templates from Simply-Docs are blank for you to fill in, but once filled in should be followed, helping to ensure that complaints are not forgotten or delayed.

#### **4.6 Start with the assumption that the customer is right and proceed from there**

Even if the customer's complaint is not valid, it is important to remain objective and courteous. The customer likely feels that he or she has a legitimate grievance and probably has better things to do than stir up trouble just for fun. Which brings us on to...

#### **4.7 Be courteous at all times**

The process should always begin by thanking the customer for bringing the complaint to your attention. Even if you ultimately opt to dismiss the complaint it is important that the customer does not themselves feel dismissed or worse - chastised. Conclude proceedings by again thanking the customer for his or her complaint and offer your apologies for any inconvenience caused. Even if you have done no wrong and would secretly like to give the customer a piece of your mind, this costs you nothing but may just make them feel better and keep them coming back to your business.

#### **4.8 Make sure you have all the facts**

Customers should be encouraged at the outset to provide as much detail concerning their complaint as possible; however they may miss something that you deem important. Communication is important throughout the complaints handling process. If you need more information, ask for it.

#### **4.9 Keep in touch throughout**

Informing the customer of your every move would perhaps be taking things too far, however, if the complaint "case" changes hands, if more information is needed, or (and perhaps most importantly) if there is likely to be a delay, keep the customer informed.

#### **4.10 Ensure that your response is fair and proportionate**

It is important for your business and for the customer that your response to their complaint is reasonable. Ensure that the action you take in response is proportionate and that it actually corrects the mistake. Balance is also important under this heading. It may be tempting to save time and send the customer a gift voucher and an apology, but this risks either falling short of what they should receive or - at the other end of the scale - being more than they deserve, consequently

putting you at a disadvantage. Taking the time to consider complaints and your response to them is of great importance.

#### **4.11 The golden rule: Learn from complaints**

Providing appropriate redress for the customer is of great importance, but more important is ensuring that the same thing doesn't happen again. It is vital, therefore, to keep records of complaints and responding to them at all appropriate levels within your business. Even if the cause for complaint ultimately turns out to have been the customer's fault (perhaps they made a mistake when choosing a product and didn't buy the right tool for the job) there may be steps that you can take to avoid similar mistakes in the future. Does your marketing literature or your website need rewording? Perhaps staff need more training? Terms and conditions may need reviewing to ensure more clarity or fairness. It may be that suppliers are selling you poor quality products in which case it may be time to renegotiate your contract with them or find a way out of it to set up with a new supplier. In a significant number of cases, even those where you are not at fault, there will be some kind of action that can be taken to avoid the same issue arising in the future. The complaints handling process therefore does not end with the customer receiving an apology and appropriate compensation.

#### **5. Top Level Commitment and Responsibility**

Good practices should start at the top and work their way down in any business. The adoption and implementation of effective complaints handling policies and procedures should always begin with management. Management should be wary of delegating such tasks. It should not necessarily be the responsibility of management to handle customer complaints day to day (although it is recommended that escalated complaints are handled by more senior staff), but management are - or at least should be - in the best position to understand your business as a whole, including staff, customers and the products and/or services sold.

It is also important to ensure that policies and procedures are not simply set in place and left to their own devices. Indeed, this rule applies to all business policies and procedures, not only complaints handling. Policies and procedures should be reviewed at regular intervals in order to determine whether or not they are working correctly and - most importantly - how they might be improved upon.

Once policies and procedures are in place, management must also take responsibility for the training of staff in the use of those policies and procedures. Not only is it important to ensure that staff know how to handle complaints from a technical standpoint, but equal emphasis should be placed on the principles behind complaints handling. These guidance notes should provide a useful starting point in this respect. As we have stressed throughout, it is important that complaints are seen not as a negative - not as a cause for being defensive - but as a positive opportunity to make bona fide improvements to your business or at the very least to cement customer goodwill.

#### **6. Picking Your Complaints Handling Team**

What to look for in complaints handling staff? Those charged with the task of dealing with customer complaints should demonstrate both objectivity and empathy. The ability to truly understand the customer's position is very important. Reading, "I am very sorry to hear that" from a script is one thing; meaning, "I am very sorry to hear that" is quite another. For a truly effective and beneficial complaints handling system, the latter should always be the goal. They should be able to appreciate that a complaint is not personal and that a solution must be found that benefits both the customer and your business.

Excellent communication skills are essential. First and foremost, complaints handlers must be able to communicate effectively with a range of customers, some of whom may be expressing anger and resentment towards your business and your staff (however appropriate or inappropriate that

anger might be). This is vital not only in ensuring that the matter is handled without undue duress, but also in ensuring that all relevant information is obtained and understood. Communication doesn't, of course, stop with the customer. Once the matter is resolved, as is observed above, changes may be necessary to avoid a similar situation arising in the future. Good communication skills help to ensure that management receive the information they need in order to implement the appropriate changes. Simply knowing that a customer has complained about a particular issue is not enough - accounts of complaints, whether written or verbal, should explain clearly *what* the complaint was about, *why* it was made, *what* was done about it and *why* it was done.

## 7. Actively Inviting Feedback

Complaints provide a valuable form of feedback when used properly, but they are far from being the only means of obtaining customer feedback. Whereas some customers may wish to complain, others may wish to offer praise. Others might have more neutral comments that may not constitute complaints but may offer some useful hints and tips on how something about your business could be changed or improved.

As we noted above, the internet makes it difficult to hide away from dealing with complaints and gives disgruntled customers a large pulpit from which to voice their discontent. Once again, however, it can also be used as a powerful tool for your benefit. Websites such as *trustpilot.co.uk* (used by Simply-Docs) give customers the ability to rate and review your business. The goal, of course, is to gather a pleasing list of positive ratings and reviews; however if negative feedback is received, the opportunity should again be seized to take action to rectify the situation. If your customer feels that they are valued and that you have listened to their grievance and acted upon it, they will likely continue to be your customer. If their complaints fall on deaf ears, they may go elsewhere where they feel more valued. A similar rule should be applied to positive feedback. Whether feedback is good or bad, do not let it pile up. Respond each time, ensure that customers know you appreciate their compliments and want to fix their problems.

## Final Thoughts

In this guide we have endeavoured to emphasise not only the value of complaints handling processes and policies, but also the value of the complaints themselves. Customer feedback - whether good or bad - can be an extremely useful resource, both in terms of fostering customer loyalty and in terms of making genuine, worthwhile improvements to your business. The key lies in adopting a positive attitude towards complaints. Oftentimes, the smaller the business, the more personally a complaint is likely to be taken. This is a temptation that must be avoided. After all - whether it seems like it at the time or not - the customer is doing you a big favour.