



FSOL

FINANCIAL SERVICES COMPLAINTS LTD

INDEPENDENT DISPUTE RESOLUTION

**GUIDE TO
HANDLING
COMPLAINTS**

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A GUIDE TO HANDLING COMPLAINTS

This guide provides Financial Services Complaints Limited (FSCL) members with information on how to implement a robust and compliant internal complaints process. The guide provides tips on basic complaint-handling skills and steps that may need to be taken to resolve a complaint.

For further information about resolving complaints, please contact us by telephone on 0800 347 257 or email at complaints@fscl.org.nz

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WHY DO YOU NEED AN INTERNAL COMPLAINTS PROCESS?

The Financial Services Providers (Registration and Dispute Resolution) Act 2008 requires all financial service providers to belong to an approved external dispute resolution scheme. FSCL requires all members to have a robust internal complaints process.

A complaints process that is easy to understand and implement is an essential part of good business. It demonstrates that your business is a professional operation and is committed to delivering an excellent service. A quality internal complaints process is also a way of obtaining valuable information that can be used to improve your business. By responding appropriately to a dissatisfied customer, you minimise the chances of a complaint escalating to FSCL or a court.

It is better for customers to know how to contact you directly with a complaint rather than the complaint spreading to friends, family, the media, or social media. It follows that your internal complaints process must be free and easily accessible to customers.

WHAT IS A COMPLAINT?

Under FSCL's Terms of Reference, "complaint" means an expression of dissatisfaction made to a participant related to its products or services where a response or a resolution is explicitly or implicitly expected. Our definition is drawn from the International Standards Organisation's definition of a complaint (Standard 10002).

Your customer does not have to use the word "complaint" to make a complaint. Customers can express dissatisfaction in person or in a telephone conversation, not only in writing.

Your staff need to be able to recognise that a complaint has been made and know how to escalate it to the appropriate person.

HOW SHOULD YOU RESPOND TO A COMPLAINT?

There is no one-size fits all process for responding to a complaint. Usually, it is best to respond in the same medium in which you have received the complaint.

An effective internal complaints process would include the following steps:

Acknowledge the complaint

Acknowledge the complaint at the earliest opportunity. If you receive a complaint in writing, acknowledge you have received the complaint within 1-2 working days and give a timeframe for delivering a fuller response. If the complaint is made verbally, tell your customer you recognise that a complaint has been made. Depending on the circumstances, you may wish to arrange a specific time with your customer to receive the details of the complaint and explain your complaints process.

Understand the complaint

Before you can resolve a complaint, you need to know what the complaint is. You also need to know what your customer wants to happen to resolve their complaint. Misunderstanding a complaint or the desired outcome is likely to frustrate your customer and delay a resolution.

If you receive a verbal complaint, give your customer the time they need to adequately explain the complaint and to feel as though they have been heard. Often the quickest and most efficient remedy can be to listen to your customer. This may mean scheduling a time when you will not be distracted or under time pressure. Aim to remain objective and avoid reacting defensively or arguing with your customer. It may help to approach the conversation with the attitude of genuine curiosity. You are not trying to resolve the complaint there and then, you are simply trying to receive all the relevant information.

Before you respond to the complaint, check with your customer that you have correctly understood the complaint. For verbal complaints, reflect back what your customer has told you throughout the conversation or summarise the complaint at the end of the conversation. For written complaints, it is helpful to send a summary of your understanding of the complaint to your customer. Confirm what your customer wants to happen to resolve the complaint. If your customer has not told you what outcome they are seeking, ask your customer what would resolve the complaint.

Explain next steps

Keep your customer informed throughout your complaints process. Give your customer an outline of your complaints process and set a realistic timeframe for the complaint to be resolved. You could prepare an information sheet for your customer advising how your internal complaints process works.

You should aim to resolve a complaint within 20 working days at the most. If you are unable to meet the timeframe you gave to your customer, tell them at the earliest opportunity and, where appropriate, give the reason for the delay.

Tell your customer that they can contact FSCL if they are not satisfied with the outcome of your internal complaints process. You must give your customer FSCL's contact details both at the time they first make the complaint, and when you advise them of your response to the complaint.

Example

We are a member of Financial Services Complaints Limited (FSCL). FSCL is a free, independent dispute resolution scheme. You can contact FSCL if you are not satisfied with the outcome of our internal complaints process.

FSCL's contact details:

| | |
|-----------|--|
| Freephone | 0800 347 257 |
| Email | complaints@fscl.org.nz |
| Website | www.fscl.org.nz |

Keep records of all correspondence

Keep records of all correspondence with your customer and any action you take throughout your internal complaints process. Your records should include any diary notes, file notes of conversations, and email trails. If your customer escalates the complaint to FSCL, we will ask you to provide these records as part of our investigation.

Investigate the complaint

When investigating a complaint, remain objective. A complaint should be considered on its individual merits. The emphasis should be on resolving the complaint to your customer's

satisfaction, rather than focusing on who is right or wrong. You should consider all the different ways you may be able to resolve the complaint, such as making an apology or providing compensation to acknowledge your customer's stress or inconvenience.

Check you have received all the necessary information from your customer and staff members to make a decision.

Respond with your decision

Your response should always be well prepared, whether you are giving good or bad news. Remember, your definition of good news may be different from your customer's definition.

When responding to a complaint, treat your customer with courtesy and respect. Respond in a way your customer can easily understand and avoid using jargon. If your customer sees a gap in your response, they might need to come back with more questions.

Make sure you have given your customer:

- > your understanding of the complaint
- > the evidence gathered during your investigation
- > your decision
- > how you came to your decision
- > the remedies offered

Your customer's next step if they are not satisfied with your decision

When giving customers your final decision, you have the option to restrict the timeframe for them to contact FSCL to within two months. However, this needs to be disclosed in writing. You must also warn customers that if they do not contact FSCL within two months, then FSCL will be unable to investigate the complaint.

Example

If you are not satisfied with our decision, you can contact FSCL to independently review your complaint. However, you must contact FSCL within 2 months from the date of this letter. If you do not contact FSCL within 2 months, FSCL will be unable to investigate your complaint.

Close a complaint

Before closing off a complaint, be sure your customer is satisfied with the outcome. We suggest following up with your customer a couple of weeks after giving them your final decision.

Make sure appropriate people have been notified about the outcome of a complaint. This may include your colleagues or external parties such as your professional indemnity insurer. If FSCL referred the complaint to your internal complaints process, please let us know once the complaint has been resolved.

Review your process

You should have a system for keeping records of resolved complaints. We suggest you take the time to look at the reason for a complaint and to identify any improvements to the way your business operates. From time to time, you should also review recent complaints to identify any trends indicating a problem.

It is a good idea to regularly review and improve the effectiveness of your complaints process itself.

WHAT IF FSCL REFERS A COMPLAINT TO YOU?

Before we investigate a complaint, we ensure that you have had the opportunity to consider the complaint through your internal complaints process. If we receive a complaint that has not been through your internal complaints process, we will refer the complaint back to you and ask you to take the complaint through your internal process. We might not refer a complaint back to you if it has been ongoing for some time and we consider it to be deadlocked.