

# **Complaint handling standards for licensed postal operators**

A consultation document

January 2008



## Summary

### Summary

1. The Consumers, Estate Agents and Redress Act (“the CEAR Act”) was given Royal Assent on 19 July 2007. The Act places a statutory requirement on Postcomm to make regulations on complaint handling standards which would apply to all licensed postal operators. The Act also requires Postcomm to undertake research that it considers appropriate to find out the views of a representative sample of people likely to be affected by the regulations and consider the results.
2. This consultation document seeks views on Postcomm’s proposals for complaint handling standards which will apply to all licensed postal operators. The proposals have been put together taking into account what Postcomm has found out from its research of complaint handling bodies and postal users. Postcomm has also sought the initial views of Postwatch and licensees.
3. Postcomm wants to create a regulatory framework that will encourage entry and growth in the postal market. Therefore, it is important for the complaint handling regulations to be targeted and proportionate and framed in such a way as to keep the administrative burdens on licensed operators and any potential adverse impact on competition to a minimum. Postcomm expects the regulations to be the minimum appropriate requirements on licensed postal operators.
4. Postcomm recognises that the way in which new entrants to a competitive market handle complaints from their customers is one of the ways in which they may choose to differentiate themselves from their competitors. Therefore, Postcomm is proposing to set out a high level framework for complaint handling standards. This will provide general guidance on what is expected to be included in licensed operators’ complaint handling standards. Licensees will then have the flexibility to prescribe their own detailed standards as long as they are consistent with the framework set by Postcomm.

## Summary

5. This is a two month consultation which is being run in tandem with Postcomm's consultation on the criteria for approval of redress schemes for postal services. Following this consultation period, Postcomm will consider the responses and information provided to it before issuing a decision document and statutory instrument<sup>1</sup> which will set out the complaint handling standards that all licensed operators will then have to comply with.

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<sup>1</sup> See paragraphs 1.6 and 3.23 and for more information.

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# 1. Introduction

## Purpose of this document

- 1.1. This document sets out Postcomm's proposals for complaint handling standards which will apply to all licensed postal operators. This document invites views on these proposals.

## Postcomm

- 1.2. The Postal Services Act 2000 established the Postal Services Commission (Postcomm) as the independent regulatory body for the postal services industry in the United Kingdom. Postcomm's Business Plan, which can be found on its website at [www.psc.gov.uk](http://www.psc.gov.uk), gives details of its duties, functions, objectives and work plan.
- 1.3. Postcomm must exercise its functions in the manner which it considers best calculated to ensure the provision of a universal postal service.
- 1.4. Subject to the above duty, Postcomm exercises its functions in the manner which it considers is best calculated to further the interests of users of postal services, wherever appropriate by promoting effective competition between postal operators. In doing so, Postcomm must have regard to the interests of those who are disabled or chronically sick, are of pensionable age, are on low incomes, and who reside in rural areas.
- 1.5. In addition, Postcomm has a duty to exercise its functions in the manner that it considers is best calculated to promote efficiency and economy on the part of postal operators.

## Background

- 1.6. Postcomm is required under the Consumers, Estate Agents and Redress Act<sup>2</sup> ("the CEAR Act") to prescribe by regulations, standards for handling consumer complaints made to all licensed postal operators. Additionally, Postcomm must make arrangements to ensure

that the regulations it makes are available to the public, by whatever means it considers appropriate. Regulations may be made only with the consent of the Secretary of State<sup>3</sup>. An order or regulations under the CEAR Act must be made by statutory instrument<sup>4</sup>.

- 1.7. The regulations may prescribe standards in relation to all consumer complaints, or consumer complaints of a kind specified in the regulations. In particular, the regulations may specify a kind of consumer complaint by reference to the subject matter of a complaint or the description of person making the complaint.
- 1.8. Before making such regulations and in addition to consulting on proposals for complaint handling standards, Postcomm must “arrange for such research as it considers appropriate with a view to discovering the views of a representative sample of persons likely to be affected, and consider the results”<sup>5</sup>.

### **Complaint handling standards and redress schemes**

- 1.9. The CEAR Act also provides for the establishment of new statutory redress schemes to resolve customer complaints in – initially – the gas, electricity and postal services sector.
- 1.10. As part of the Government’s goal to strengthen and streamline consumer representation, the two new requirements in the CEAR Act for complaint handling standards and redress schemes should be viewed together as an incentive for licensed operators to invest in resolving complaints through their internal procedures. Certain complaints that are not resolved satisfactorily by the licensed operator can then be referred to an independent redress scheme by customers.
- 1.11. The complaint handling standards will need to be in place by the time redress schemes are established in postal services. The two together should ensure a clear complaint handling process from a complainant’s first point of contact with the licensed operator and any internal

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<sup>2</sup> Sections 43-46

<sup>3</sup> Section 43(4)

<sup>4</sup> Section 60(1)

escalation process, to how the complaint can be referred to a redress scheme and how a redress scheme will handle the referred complaint.

### **Structure of this document**

1.12. This document is structured as follows:

- Chapter 2 sets out the existing arrangements for complaint handling standards and the findings of Postcomm's research. It also discusses the options for complaint handling regulations;
- Chapter 3 sets out Postcomm's proposals for complaint handling standards including how these standards will be enforced;
- Chapter 4 lists the questions Postcomm would welcome comments on;
- Appendix 1 is the current condition in Royal Mail's licence on complaint handling; and
- Appendix 2 is a list of the sources of information used by Postcomm.

### **Process and timetable**

1.13. This document is subject to a two-month consultation period. Postcomm requests responses by no later than 17 March 2008. Contact details are set out below.

1.14. Following this consultation period, Postcomm will consider the responses and information provided to it before issuing a decision document. The complaint handling regulations will be set out in a statutory instrument.

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<sup>5</sup> Section 44(1)(a)

## Contact details

- 1.15. Anyone with views on the proposals in this document should send their comments, by 17 March 2008, to:

**Carmen To**  
**Manager, Universal Service and Customer Protection**  
**Postcomm**  
**Hercules House**  
**6 Hercules Road**  
**London**  
**SE1 7DB**

**Fax: 020 7593 2142**

**Email: [Carmen.To@psc.gov.uk](mailto:Carmen.To@psc.gov.uk)**

## Confidentiality of responses

- 1.16. Postcomm wishes to make public the responses it receives to this proposals document. If you do not want all or part of your response to this document to be read by anyone outside Postcomm, please ensure that your response clearly indicates which parts are confidential. If you are happy for the substance of your contribution to be made public but do not want the name of the individual who signed it or organisation that submitted it to be revealed, please indicate this by adding 'name of organisation/sender not to be published'. However, please note that Postcomm is a 'public authority' for the purposes of the Freedom of Information Act 2000, and must act at all times in accordance with applicable law.

# 2. Complaint Handling Standards

## Existing arrangements for complaint handling

- 2.1 All licensed postal operators currently have a condition that deals with complaint handling in their licences. As the universal service provider, Royal Mail's licence condition for complaint handling is different to that of other licensees.
- 2.2 Condition 5 of Royal Mail's licence (see Appendix 1) requires it to have in place "transparent, simple and inexpensive" procedures for handling complaints from customers. The procedures must cover (at least) complaints about loss, theft, damage, quality of service and collections and deliveries. There is also a process for changing the complaint procedures.
- 2.3 All the other licensed postal operators are required by Condition 2 of their licences to have systems in place for recording, analysing and responding to complaints about failure to achieve any contract targets and in respect of services provided by them generally.
- 2.4 In addition, the Postal Common Operational Procedures<sup>6</sup> code of practice agreed by all licensed postal operators deal with circumstances in which a customer makes a complaint to the wrong operator<sup>7</sup>. Modifications can only be made to this code of practice with Postcomm's agreement.
- 2.5 The differences between the complaint handling requirements on Royal Mail and other licensees reflect the fact that Royal Mail is still the dominant operator in the UK postal market. Whilst the postal market has been open to full competition since 1 January 2006, Royal Mail still retains well over 90% of the UK addressed letter market and still delivers more than 99% of all mail in the UK.

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<sup>6</sup> Condition 14 of Royal Mail's licence and Condition 4 of other licences

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### Research on complaint handling standards

2.6 The CEAR Act requires Postcomm to arrange for such research as it considers appropriate with a view to discovering the views of a representative sample of people likely to be affected, and consider the results before making complaint handling regulations<sup>8</sup>.

2.7 Postcomm's has undertaken the following research:

- Meetings and discussions with CI Arb<sup>9</sup>, BIOA<sup>10</sup> and various redress service providers to seek views on complaint handling best practice;
- Meetings and discussions with Postwatch, Royal Mail and other licensed postal operators to gain an understanding of their views on complaint handling standards and how the standards can be framed appropriately for all licensees; and
- Customers were asked questions on complaint handling standards as part of the focus groups and customer survey for Postcomm's research project on understanding the needs of postal users.

#### Best practice

2.8 In its consideration of what should be included in complaint handling standards, Postcomm has tried to identify whether there are any accepted principles of best practice to form the basis of any proposals.

2.9 The British and Irish Ombudsman Association (BIOA) has published a 'Guide to principles of complaint handling' which was put together by a working party of representatives from BIOA member schemes. The document is essentially a distillation of the experience and expertise of existing ombudsman and complaint-handling schemes.

2.10 BIOA has formulated the following best practice principles for complaint handling:

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<sup>7</sup> Section 6 of the Code of Practice deals with customer service enquiries.

<sup>8</sup> Section 44(1)(a)

<sup>9</sup> the Chartered Institute of Arbitrators

<sup>10</sup> the British and Irish Ombudsman Association

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- Clarity of purpose – a clear statement of the scheme’s role, intent and scope;
- Accessibility – a service that is free, open and available to all who need it;
- Flexibility – procedures which are responsive to the needs of individuals;
- Openness and transparency – public information which demystifies the service;
- Proportionality – process and resolution that is appropriate to the complaint;
- Efficiency – a service that strives to meet challenging standards of good administration; and
- Quality outcomes – complaint resolution leading to positive change.

2.11 The Local Government Ombudsman (which is a member of BIOA) has published a guide on good practice for running a complaints system. The document is aimed at local councils and considers the essential qualities of a good complaints system to be:

- Well publicised;
- Easy to use;
- Helpful and receptive;
- Not adversarial;
- Fair and objective;
- Based on clear procedures and defined responsibilities;
- Quick;
- Thorough;
- Rigorous;
- Decisive and capable of putting things right where necessary;

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- Consistent;
- Comprehensive, with principles and key features which apply to all departments;
- Sensitive to the special needs and circumstances of the complainant;
- Adequately resourced;
- Fully supported by management; and
- Regularly analysed to spot patterns of complaint and lessons for service improvement.

2.12 In addition, Postcomm has looked at the results of the qualitative research on consumers' views on complaint handling recently commissioned by Ofgem<sup>11</sup>. Ofgem is also required under the CEAR Act to make regulations prescribing standards for the handling by its regulated companies of consumer complaints made to them. Therefore, the results of its research into what customers consider is important or valued in the complaint handling process will also be useful for Postcomm and may also be applied in the postal sector.

2.13 Postcomm has, as part of its research into the needs of postal users, asked questions on complaint handling in the focus group discussions and quantitative survey. In the focus groups, Postcomm asked for views on what should be required as a minimum by a regulator in terms of how a customer complaint should be dealt with. In the focus groups and quantitative survey, Postcomm asked for views on customers' experience of making a complaint.

### Summary of research commissioned by Ofgem<sup>11</sup>

2.14 The qualitative research commissioned by Ofgem sought views on what elements of a complaint handling process are considered to be important or valued. The main findings were as follows:

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<sup>11</sup> Research on Consumers' Views on Complaints Handling, research study conducted for Ofgem by Ipsos Mori, November 2007. Ofgem is the Office of Gas and Electricity Markets which regulates the electricity and gas markets in Great Britain.

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- transparency (including acknowledging the complaint and keeping customers updated on progress) was considered to be crucial to the complaint handling process;
- managing expectations on timescales for responding to and/or resolving a dispute was considered to be more important than the actual speed of response;
- the quality of the response should not be sacrificed for the sake of providing a quicker response as customers acknowledged that some problems take longer than others to resolve; and
- consumers want complaints to be dealt with by a knowledgeable person who has the power to deal with a problem.

2.15 Overall, customers would like standards in place which will make them feel confident, assured and in control of the complaint handling process.

### Summary of findings from Postcomm's research<sup>12</sup>

2.16 From the focus groups discussions, Postcomm learnt that very few customers have had cause to complain to Royal Mail. However, for both residential and business customers, there was a general perception that the complaint handling process would be bureaucratic and slow.

2.17 The results of the customer survey also indicate that a small percentage of customers have complained about their postal service. Of those that have previously complained to Royal Mail, satisfaction with aspects of the way it handled the complaints (which included time taken to acknowledge complaint, customer service received, explanation or apology received and time taken to resolve complaint) was low but no lower than scores obtained by companies and

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<sup>12</sup> Taken from "The needs of users of the postal service – Customer survey 2007 report" prepared by FDS International Ltd

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organisations in general as measured on FDS's<sup>13</sup> annual comparison study.

2.18 From the customer survey<sup>14</sup>, only around four in ten residents and businesses are satisfied with the time taken to acknowledge their complaint and with the customer service received. Only a third of those that have complained were satisfied with the explanation or apology given and three in ten were satisfied with the time it took to resolve the complaint.

### Postcomm's assessment

2.19 Postcomm considers there to be two options for complaint handling standards for licensed postal operators.

- (i) Postcomm could prescribe detailed standards which would, for example, include specifying the number of days for an operator to respond to a complaint, detailed procedures on how a complaint should be dealt with and investigated and what escalation process there should be for all licensed postal operators; or
- (ii) Postcomm could set out a high level framework of principles that licensees would be expected to follow when putting together their own complaint handling procedures. The framework would provide general guidance on what is expected in licensed operators' complaint handling procedures. This would leave each operator with the freedom to prescribe their own detailed procedures as long as they are consistent with the high level framework set by Postcomm.

2.20 Postcomm considers that the current licence requirements (for Royal Mail and the other licensed postal operators) for complaint handling have been effective to date. Royal Mail's licence condition includes a

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<sup>13</sup> FDS International Ltd ([www.fds.co.uk](http://www.fds.co.uk)) is the market research agency used by Postcomm for its 2007 research study into the needs of postal users

<sup>14</sup> The survey asked questions to residential/domestic customers and customers from small to medium sized enterprises (SMEs) as Postcomm is, as part of this research,

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high level framework for its complaint handling procedures. The licence condition for other operators is proportionate as, at the time of reviewing the licensing framework in summer 2005, Postcomm's aim was to encourage competitors to enter the market whilst also ensuring that there were sufficient safeguards in place to protect the needs of customers<sup>15</sup>.

- 2.21 Postcomm has not been made aware of any evidence to suggest that the current arrangements are not sufficient to ensure that licensed postal operators deal with complaints about their regulated services and products effectively and efficiently. Therefore, Postcomm considers that it would be appropriate to use the current complaint handling requirements in operators' licences as a basis for the new complaint handling regulations.
- 2.22 One of Postcomm's duties under the Postal Services Act 2000 is to exercise its functions in the manner which it considers is best calculated to further the interests of users of postal services, wherever appropriate by promoting effective competition. Postcomm wants to create a regulatory framework that will encourage entry and growth in the postal market. Therefore, it is important for complaint handling regulations to be targeted and proportionate and framed in such a way as to keep the administrative burdens on licensed operators and any potential adverse impact on competition to a minimum.
- 2.23 Postcomm recognises that the way in which new entrants to a competitive market handle complaints from their customers is one of the ways in which they may choose to differentiate themselves from their competitors. Therefore, Postcomm does not consider that it would be appropriate for it to prescribe detailed complaint handling regulations. Postcomm expects the regulations to be the minimum appropriate requirements on licensed postal operators. This will allow

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specifically looking for views from captive customers who do not yet have a choice of postal operator.

<sup>15</sup> Licences under the Postal Services Act 2000: Licensing in a fully open market – a decision document, August 2005

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Licensees to have the flexibility to provide a higher standard of customer service if they wish to do so.

2.24 Postcomm acknowledges the findings of the recent research on complaint handling. Whilst many of the results were unsurprising, Postcomm recognises that there are certain elements of the complaint handling process that customers consider to be important such as the time taken to resolve a complaint and keeping the customer informed of progress and timescales. Postcomm has considered these findings in light of the best practice used by other bodies when putting together its proposals in the next chapter.

### 3. Proposals for complaint handling standards

#### Introduction

3.1 This chapter sets out Postcomm's proposals for complaint handling regulations that will apply to all licensed postal operators. Postcomm's proposals have been put together taking into account:

- its statutory duties;
- the effectiveness of current complaint handling arrangements imposed by licence conditions;
- the findings of its research which sought the views of licensees, Postwatch and postal users;
- BERR's decision on the scope of redress schemes;
- the principles of Better Regulation; and
- recommendations of best practice in complaint handling from recognised complaint handling bodies.

3.2 The European Postal Services Directive requires Member States to ensure that transparent, simple and inexpensive procedures are drawn up for dealing with postal users' complaints<sup>16</sup>. Postcomm will have to ensure that its proposals for complaint handling regulations do not conflict with the relevant provisions in the Directive and any relevant EU regulations.

3.3 The provision in the current Directive allows Member States to have the flexibility to make the complaint handling procedures apply to services outside the scope of the universal service and to services within the scope of the universal service but not provided by the universal service provider. Currently, only Royal Mail (as the universal service provider) has a licence condition for complaint handling which includes a similar provision to the one in the Directive. Only regulated products and services can be covered by any licence condition.

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<sup>16</sup> Article 19 of the Postal Services Directive 97/67/EC

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- 3.4 Postcomm's proposed complaint handling standards can only apply to regulated products and services as it does not have the power to prescribe conditions for products and services outside the regulated area. However, licensed postal operators will have the discretion to include any non-licensed products and services within the remit of the complaint handling standards and redress scheme should they so desire.
- 3.5 Postcomm acknowledges that there are some operators with licences who have yet to start providing services in the licensed area. Postcomm's proposals will not apply to those licensees until they start to operate in the licensed area<sup>17</sup>. Postcomm is proposing a high level framework for complaint handling standards to minimise the potential adverse impact of more regulation in a developing competitive postal market.

### Vulnerable consumers

- 3.6 The CEAR Act<sup>18</sup> allows the new National Consumer Council (NCC) to investigate complaints (about energy or post) from vulnerable consumers, for the purpose of determining whether it is appropriate to take action. Where it appears to the NCC that it is appropriate to do so, with a view to assisting in reaching a satisfactory resolution of the complaint referred to it, it may provide advice to the vulnerable consumer or a representative of the vulnerable consumer and make representations on their behalf.
- 3.7 The Postal Services Act 2000<sup>19</sup> requires Postcomm to have regard to the interests of:
- individuals who are disabled or chronically sick;
  - individuals of pensionable age;
  - individuals with low incomes, and

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<sup>17</sup> Licensees are required to report to Postcomm the volume of mail it handles in the licensed area. Therefore, if a licensee not handling mail in the licensed area chooses to do so in the future, it will be required to report its volumes to Postcomm.

<sup>18</sup> Section 12

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- individuals residing in rural areas.

3.8 Therefore, Postcomm's proposals include a requirement for licensed postal operators to ensure that the reasonable needs of vulnerable customers are met.

### **Summary of BERR's decision on the scope of redress schemes in postal services**

3.9 Following a three month consultation, BERR has recently published its response on the scope of consumer redress schemes in gas, electricity and postal services<sup>20</sup>.

3.10 In relation to the postal sector, BERR's response confirms that:

- a person holding a licence under Part 2 of the Postal Services Act 2000 is required to be a member of a redress scheme; and
- the following description of complainants should be covered by the redress schemes:
  - all recipients of licensed mail carried by licensed postal service providers; and
  - all users of products provided under a licence, excluding consumers who have a written contract with the licensed postal services provider.

3.11 BERR's response also confirms the description of consumer complaints to be covered by the redress schemes should be those which:

- have been considered by the service provider and not resolved to the satisfaction of the consumer;
- relate to sustained difficulty by the consumer in registering a complaint with a service provider;

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<sup>19</sup> Section 5(2)

<sup>20</sup> Consumer redress schemes in gas, electricity and postal services: a government response to consultation, December 2007

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- relate to the licensed products and services in postal services as provided to the complainant;
- may be substantively covered by other, established, forms of redress, and which should be passed on to the relevant party for resolution by the redress scheme; and
- relate to a perceived failure by a postal services operator to adhere to an established standard or code of practice for dealing with complaints which have no evidence base.

3.12 Postcomm has ensured that its proposals for complaint handling standards are consistent with BERR's decision on the scope of redress schemes. In particular, the high level framework proposed will include a requirement for licensees to have a process in place to deal with complaints with no evidence base.

### **Type of complainants to be covered by complaint handling regulations**

3.13 The CEAR Act states that the complaint handling regulations "may specify a kind of consumer complaint by reference to the subject-matter of a complaint, or the description of person making a complaint". Whilst Postcomm's proposals can only apply to complaints about products and services in the licensed area, it is able to further specify the type of complainants to be covered by the regulations.

3.14 In line with BERR's decision on the scope of redress schemes, Postcomm proposes that the regulations should apply to complaints from retail and small business users (senders and recipients) of mail. These customers are unlikely to have a contract with Royal Mail (or any other postal operator) and therefore have little to no protection if they get into a dispute with it.

3.15 Postcomm does not consider that the regulations should apply to complaints from senders of bulk mail (including universal service bulk mail products). Postcomm considers that a bulk mail sender who has a contract with a postal operator should be capable of resolving a complaint through the terms of the contract. They are likely to have

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sufficient commercial power to resolve problems directly with the postal operator.

- 3.16 Postcomm proposes that the complaint handling regulations should also apply to delivery-related complaints from all recipients of mail (including recipients of bulk mail). Recipients of mail are unlikely to be aware of the type of product that has been used so it would be confusing for them if they had to differentiate between bulk and non-bulk mail for the purpose of understanding how a complaint will be dealt with by a postal operator.

### Proposals

- 3.17 Postcomm proposes to set a high-level framework which it would expect licensees to follow, as a minimum, in their own complaint handling procedures. Postcomm considers that this approach would give licensees the flexibility to develop and adopt the arrangements they consider to be appropriate.

- 3.18 The proposed high level framework is as follows:

The complaint handling procedures of a licensed postal operator must:

- (i) be consistent with the European Postal Services Directive and other relevant legislation;
- (ii) be able to deal with complaints about all licensed products and services and not exclude any licensed products and services;
- (iii) apply to complaints from senders that do not have a contract with a postal operator;
- (iv) apply to complaints from all recipients of licensed mail;
- (v) be transparent and easy to follow and understand for customers;
- (vi) treat customers in a consistent and non-discriminatory manner;
- (vii) be publicised as appropriate to ensure that customers know when they can make a complaint, how to make a complaint and how they can contact the operator to do so;

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- (viii) make clear to customers what service standards they can expect in terms of how the complaint is handled, the quality of the response and when the customer can expect a substantive response and/or decision;
- (ix) make clear to customers the forms of redress that may be available to them e.g. an apology, remedial action or compensation payment;
- (x) have a process to deal with complaints with no evidence base;
- (xi) have a process in place to identify vulnerable customers and ensure that they, or their representatives, are given appropriate assistance in the handling of a complaint, including advising them of their right to refer the matter to the National Consumer Council;
- (xii) provide the customer with information on any internal escalation process for the review of a complaint that is not resolved to the satisfaction of the customer and how to access it;
- (xiii) where the internal complaint process has been exhausted, issue a final response ('deadlock') letter to a customer who remains dissatisfied with the outcome of their complaint and provide the customer with information on the availability of a redress scheme or any other independent guidance;
- (xiv) include a review process and where appropriate, seek feedback from complainants and other relevant parties to ensure that the complaint handling procedures continue to meet the needs of customers; and
- (xv) include a commitment to publish an annual complaints report which as a minimum, must include the number of complaints received and resolved broken down by no less than ten main categories of complaint where relevant.

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### Implementation and monitoring

- 3.19 The CEAR Act requires Postcomm to explain, in this consultation, how the complaint standards will be enforced. The Act also states that the new National Consumer Council must publish statistical information as it considers appropriate relating to the levels of compliance with the complaint handling standards set by the regulator.
- 3.20 Postcomm has the power to take enforcement action<sup>21</sup> where it is satisfied that a licensee has failed to comply with the regulations prescribing standards for complaint handling. For example, Postcomm will take appropriate action if it becomes aware that the complaint handling standards of a licensee are not consistent with the framework.
- 3.21 The framework includes a requirement for operators to have a regular review process of their complaint handling procedures and to seek feedback from their customers and other relevant parties. The purpose of this review process is to ensure that operators look for continual improvement in their complaint handling procedures. Postcomm will expect any changes that operators make to their own complaint handling procedures to still be consistent with the high level framework.
- 3.22 The proposed high level framework includes a requirement for all operators to make their complaint handling procedures transparent and easily accessible to customers. The framework also includes a commitment for operators to publish an annual complaints report. Postcomm considers these requirements to be sufficient enough to ensure transparency of complaint handling procedures to enable the National Consumer Council to fulfil its reporting obligations.

#### Legal framework

- 3.23 Under the CEAR Act, regulations prescribing complaint handling standards must be made by statutory instrument<sup>22</sup>, which is subject to annulment by resolution by either House of Parliament. Additionally

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<sup>21</sup> In accordance with section 22 of the Postal Services Act 2000 as amended.

<sup>22</sup> Section 60(1)

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the CEAR Act sets out enforcement requirements<sup>23</sup> in relation to complaint handling standards, redress schemes and the supply of information to consumers provisions. Postcomm can take enforcement action where it is satisfied that a licensee has failed to comply with an obligation imposed under the complaint handling standards, supply of information and redress schemes provisions in the CEAR Act.

### Review and modification

- 3.24 Postcomm proposes to review the appropriateness of the high level framework of principles every three years taking into account the experiences of customers and licensed postal operators.
- 3.25 During a review, licensees will be able to propose changes to the framework if they consider modifications are necessary. Postcomm will notify licensees of whether or not Postcomm will agree to any proposals for changes to the framework. The framework can only be modified by Postcomm.

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<sup>23</sup> Section 52(4)

### 4. Consultation Questions

Postcomm would welcome comments on the following:

- 4.1 Do you agree with Postcomm's proposal to introduce a high level framework of principles rather than prescribe detailed procedures for complaint handling regulations? Please explain your answer.
- 4.2 Do you agree with Postcomm's proposed high level framework for complaint handling standards? If you do not agree with one or more of the principles, please state which ones and why.
- 4.3 Are any changes required to the wording of the high level principles? Please explain any changes you would suggest.
- 4.4 What, if any, other principles should be included in the complaint handling regulations? Please explain.
- 4.5 Are the principles clear and understandable? If not, please suggest how clarity and ease of use could be improved.
- 4.6 Do you consider the principle in relation to vulnerable customers to be sufficient to ensure that licensed postal operators take into account the reasonable needs of these customers and provide them with appropriate assistance when required? Please explain your answer.
- 4.7 Do you agree with Postcomm's proposals on the review and modification process for the complaint handling regulations? Please explain your answer.
- 4.8 Are there other examples of best practice that Postcomm should be made aware of before it finalises the complaint handling regulations?

## Appendix 1 – Royal Mail’s Licence

### Condition 5: Complaint handling

1. In this condition “complaint procedures” means the procedures for handling complaints to be established pursuant to paragraph 2 as those procedures are amended pursuant to paragraphs 8 and 9.
2. Before the expiry of six months from the commencement of this Licence the Licensee shall establish and submit to Postcomm in writing a schedule of complaint procedures.
3. The complaint procedures shall –
  - (a) be transparent, simple and inexpensive procedures for the handling of complaints,
  - (b) cover complaints involving loss, theft, damage and non compliance with the scheduled services and standards (as defined in condition 4 of this Licence), and
  - (c) be in such terms as may be agreed between the Licensee and the Council, provided that if –
    - (i) there has been no such agreement between the Licensee and the Council within the period of six months from the commencement of this Licence, and
    - (ii) Postcomm has given the Licensee not less than 28 days’ notice in writing that it proposes to make a determination as to the terms of the complaint procedures, and
    - (iii) Postcomm has given to the Licensee the opportunity in that period of not less than 28 days to make representations to it in relation to its proposal to make such a determination, thenthe complaint procedures shall be in such terms as may be determined in writing by Postcomm.
4. The Licensee shall not make any change to the complaint procedures other than in accordance with paragraphs 8 and 9.
5. The Licensee shall use all reasonable endeavours to apply the complaint procedures in all the areas in which it is authorised by this Licence to convey letters and in relation to which the Licensee is required by paragraph 6 to report to Postcomm and to the Council.
6. The Licensee shall submit written quarterly reports on the application of the complaint procedures to Postcomm and to the Council, not later than two months from the end of the quarter to which they relate, which shall –
  - (a) set out –

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- (i) the number of complaints (if any) unresolved at the beginning of that quarter,
    - (ii) the number of complaints received in the quarter,
    - (iii) the number of complaints resolved in the quarter, and
    - (iv) the number of complaints unresolved at the end of the quarter, and
  - (b) present the information referred to in paragraph (a) for the authorised area as a whole –
    - (i) broken down by no less than ten main categories of complaint,
    - (ii) showing the extent to which the Licensee has succeeded in meeting the targets set out in the complaint procedures, and
    - (iii) showing the compensation that has been paid to users of postal services in relation to complaints that were found to be valid.
7. The Licensee shall offer to review the complaint procedures with the Council not less than once in every second calendar year ending on the anniversary of this licence and shall cooperate with the Council in the conduct of any such review.
8. The complaint procedures may be amended by the Licensee at any time with the agreement of the Council or of Postcomm provided, in the case of amendments agreed with the Council, that not less than three months' notice of the proposed amendments has been given to Postcomm and Postcomm has not within two months of being notified directed that the proposed amendments be not made.
9. If the Council recommends to Postcomm following a review under paragraph 7 that the complaint procedures should be changed and if Postcomm advises the Licensee in writing that it is of the view that the changes recommended by the Council should be made, or made with modifications, then the Licensee shall either –
- (a) alter the complaint procedures in the manner recommended by the Council with any modifications advised by Postcomm, or
  - (b) advise Postcomm in writing that it has declined to alter the complaint procedures as aforesaid and provide to Postcomm, and publish in such manner as Postcomm may direct, a full explanation of its decision.
10. The Licensee shall –
- (a) publish the complaint procedures and the reports required to be submitted under paragraph 6 in such manner as will ensure reasonable publicity for them,

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- (b) not assert copyright against, or otherwise oppose, any publication arranged by Postcomm or by the Council of the procedures and reports, and
- (c) make copies of the procedures and reports available free of charge to any person requesting them.

11. The Licensee shall authorise the official appointed for the purpose of paragraph 27 of condition 4, if requested, to discuss at meetings with the Council the operation of the Licensee's complaint procedures and the reports submitted pursuant to paragraph 6.

12. The Licensee shall not –

- (a) establish any scheme under section 89 of the Act, or
- (b) include any provision in such a scheme,

that is incompatible with any of the Licensee's obligations under this condition.

## **Appendix 2 – Sources of information**

1. The Consumers, Estate Agents and Redress Act 2007.
2. Consumer redress schemes in gas, electricity and postal services: Government response to consultation, BERR, December 2007
3. Guide to principles of good complaint handling – British and Irish Ombudsman Association.
4. Principles of Good Administration - Parliamentary and Health Service Ombudsman.
5. Running a complaints system: Guidance on good practice - Local Government Ombudsman.
6. Good administrative practice: Guidance on good practice – Local Government Ombudsman.
7. Consultation on complaint handling standards (November 2007) – Ofgem.
8. Research on Consumers' Views on Complaints Handling (August 2007) – research study conducted for Ofgem by MORI.

