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By Email

23 June 2008

Postal sector redress scheme - application for approval

Dear Mr Connarty

Thank you for your letter of 20 June addressed to Kiera Bower enclosing your redress scheme application on behalf of IDRS.

We have considered IDRS's application and have identified a number of areas which we would appreciate clarification or further information on. A list of questions is attached to this letter.

I would be grateful if you could provide a written response to these questions by Friday 27 June 2008. If it is also useful to discuss these points, please do not hesitate to contact me on 0207 593 2190.

Yours sincerely

Sean O'Hara
Deputy Director

Points arising from IDRS's application for approval

Operation

Independence

1. Postal services industry members council:
 - The application states that the 'council will comprise senior representatives from IDRS' but does not say how many. It does specify that there will be two member companies and one MCF member.
 - Please confirm how many senior representatives from IDRS will be on the council and whether the two member companies will not be MCF members if non MCF members are available.
 - Postcomm does not envisage having a role on the board
2. Fees
 - Please clarify whether the membership fee will be a one off or an annual fee.
 - Please clarify what 'limited relevant turnover' is and provide more detail on what the percentage of turnover will be? Does 'relevant turnover' refer to licensed turnover?
 - Please provide further detail on the allocation of costs (membership, annual fees and case fees) for big players such as Royal Mail, medium size players and smaller players with limited licensed turnover. This will allow Postcomm to determine whether the costs will have disproportionate effect on any particular member, in particular those operators who are likely to have no cases brought to the scheme.
3. Reallocation of case fee
 - The approval criteria requires the scheme to allow for case fees and any compensation to be reallocated to another scheme member if the scheme finds that the fault lies with another scheme member. The application does not refer to the case fee being reallocated to the scheme member who was at fault. Please confirm that rule 5(g) will be amended to allow for that reallocation.

Accessibility

4. The approval criteria states that the scheme's procedures must allow the consumer to progress their complaint via a range of methods including telephone. This complements the complaint handling standards Postcomm intends to publish later this month which allow consumers to progress their complaints in oral or written format. Page 5 of the application refers to assistance offered, however Rule 3(a) seems to contradict this implying that consumers must apply in writing when this may not be possible for them. Please confirm that a customer will be able to progress their complaint via telephone and that redress scheme staff can assist customers to fill in the application form and pass it to them for signature.
5. It is important that the redress scheme is accessible to all customers including those whose first language is not English, such as Welsh speakers, and those with disabilities. We note that IDRS already provides redress schemes in other sectors. With economies of scale and scope, language services could be provided either by call centre staff or by use of telephone translation services such as Language Line. Additional services for the visually or hearing impaired could also be publicised in the scheme's consumer information and on its website. Please confirm that the website and the scheme will be accessible to such customers and translation and additional services will be clearly offered.
6. Please set out details of the training staff will be given to help them identify customers requiring extra assistance.

Resource

7. What dialogue has IDRS had with those licensed postal operators outside of the MCF to ensure the financial and operational proposals can be considered by all potential members?

Information

Transparency

8. Please confirm that the decision is binding on the company but not on the customer. This is stated on page 13 of the application however pages 8 & 9 imply that the decision is not binding on either party.

9. The approval criteria requires the scheme to provide information requested by Postcomm or the NCC where the information is required to assess the performance of the redress scheme, its ongoing compliance with the criteria it has been approved against or the performance of licensed postal operators. For example, Postcomm is likely to require details of the number, types and outcomes of cases for each company. The application states IDRS will comply with this requirement. However rule 8(a) seems to prevent compliance. Please confirm IDRS will provide required information and that rule 8(a) will not prevent IDRS providing Postcomm and new NCC with the required information.

10. Timescales:

- IDRS has set out at rule 1(c) that companies will only have 8 weeks to complete a complaint.
- As set out in Postcomm's decision document, 'Postcomm anticipates setting out in the complaint handling regulations that a licensed postal operator must set out the timescale within which it will resolve a consumer's complaint. If the licensed postal operator does not comply with its timescale and has not communicated a valid reason to the consumer for not doing so, the redress scheme can accept the complaint'. This allows companies flexibility in determining their timescales. Postcomm will be publishing its decision document on complaint handling standards shortly and is likely to propose that the complaints handling procedure should set out the likely timescales for acknowledging a complaint and responding to a complaint. This still allows licensed postal operators flexibility for dealing with complaints which may take longer than the timescales set out in the complaints handling procedure, as long as the consumer is kept informed and agrees to the timescales specific to their complaint.
- Therefore the 8 week limit is unlikely to complement the complaint handling standards and could be overly restrictive on licensed postal operators who may need to take longer for complex cases or if a customer has requested more time to respond. Postcomm is keen to have only one redress scheme and this is an area which could potentially lead to operators looking for another scheme provider.
- Postcomm therefore suggests that the timescale should be removed from the rules until such time as all members may wish to discuss and agree on a common timescale. Please also confirm the rule will be amended to allow for flexibility for those customers agreeing to longer timescales with the company, which currently it does not.

Redress available

11. The application states that the compensation amount limit will be £75.

- Please confirm this is a guide figure which would have to be agreed by the board/council as specified in the approval criteria.

- Postcomm's decision document stated that 'a redress scheme will assess whether the appropriate compensation within that limit was given, as well as assessing how the complaint was handled and whether there was any maladministration by the licensed postal operator. In addition, it can then levy a financial award if it is deemed appropriate'. Please confirm that the £75 limit is for payments in addition to the compensation available in a company scheme. For example, if a customer had paid for up to £1,000 compensation and had been given £500 by the company, the adjudicator could rule that the company should pay the maximum compensation of £1,000 and up to £75 on top of that.
- Please be aware that standard compensation would not be payable under the relevant operator's licence conditions as set out in the application but schemes made or services offered for licensed products.

Enforcement

Decisions

12. Section 49 of the CEAR Act does not allow Postcomm to approve a redress scheme if members can be expelled from the scheme. Suspension may be viewed as expulsion as a customer would not be able to seek redress from a company which was suspended. Equally, Postcomm cannot approve a scheme unless satisfactory provisions are in place for enforcing compliance with the adjudicator's decision.
- Please provide further detail on how non compliance with the schemes decisions and rules will be handled.
 - If IDRS considers suspension as different from expulsion, please set out the reasons for that view.

Other comments on the draft rules provided with the application

13. Rule 2(g) states 'except for those products or services for which the customer has a written contract with the member company'. After discussion with Royal Mail it has become evident that certain Royal Mail products such as redirections or Special Day Next Delivery may be deemed to be a contract. These products and services should be eligible for redress as the intention was to only exclude those senders of bulk mail. Therefore to avoid confusion, Postcomm recommends that the wording is amended along the lines of 'except those customers who are senders of bulk mail. Bulk mail means a large number of mail items of the same format, posted by a single user, from a single site'. This would also complement the complaint handling standards which Postcomm intends to publish later this month.

14. Rule 2(g) also does not seem to allow for complaints about the way in which their complaint was handled. As the decision document set out, 'the redress scheme should consider whether the complaint was dealt with in accordance with the licensed postal operator's complaint handling procedures as well as assessing how the complaint itself was dealt with'. Please confirm these complaints will be dealt with by the scheme.
15. Rule 4(b) states the application form should not only consist of letters between the company and the customer. Postcomm recommends this is changed as for many complaints about post the only evidence will be telephone calls or letters between the company and customer. Equally complaints about how the complaint was handled would only likely have letters or records of phone calls between the customer and the company. As mentioned earlier in this document, Postcomm anticipates the complaint handling standards will require companies to allow complaints to be made and completed by telephone.
16. For the rules which have time limits set, please confirm that customers and companies will be informed of this time limit in advance and allow flexibility if extra time is required.