

**Submissions received in response to Postcomm's  
consultation on Royal Mail's compensation schemes for  
delay, loss and damage**

1.	COMMUNICATION WORKERS UNION .....	2
2.	MAIL COMPETITION FORUM .....	5
3.	DIRECT MARKETING ASSOCIATION .....	8
4.	THE INCORPORATED SOCIETY OF BRITISH ADVERTISERS .....	10
5.	LOVEFILM INTERNATIONAL .....	13
6.	ROYAL NATIONAL INSTITUTE OF THE BLIND .....	16
7.	GARY SMITH, REDACTIVE MEDIA GROUP .....	16
8.	RICHARD OLIVER, DARCY EVEREST .....	17
9.	GROLIER LTD.....	18
10.	TONY EGINTON & CO.....	19
11.	INTERCITY COMMUNICATIONS LIMITED .....	19
12.	ALLIANZ CORNHILL .....	19

## 1. COMMUNICATION WORKERS UNION



### **CWU RESPONSE TO POSTCOMM CONSULTATION DOCUMENT: ROYAL MAIL'S COMPENSATION SCHEMES FOR DELAY, LOSS & DAMAGE**

#### **Introduction**

1. The Communication Workers Union (CWU) represents around 250,000 employees in the postal, telecom and related industries. It is the recognised union in Royal Mail Group for all non-management grades including those responsible for the collection, sortation and delivery of mail.
2. On 30 November 2006 Postcomm published a consultation document inviting views from customers and other interested parties on the way in which the schemes dealing with compensation for loss and damage and the retail element of the compensation for delay are working and the changes Royal Mail is proposing to them.
3. In the past, Royal Mail has operated a series of loss and damage compensation schemes at its own discretion but these schemes were brought within Postcomm's remit as part of the 2006-2010 price control settlement. The regulator now has powers to determine compensation arrangements for Royal Mail following consultation. Royal Mail's compensation scheme for delay was determined by Postcomm in 2003 (after a consultation process) and this is now subject to review.
4. Postcomm believes that there is currently a lack of consistency between the schemes for loss and damage and the scheme for delay, both in relation to

the amount of compensation available and the evidence Royal Mail requires to support a claim for compensation. It also believes that the schemes are difficult to understand and difficult for users to identify because they are located in four separate schemes for four different types of mail (inland letters, inland parcels, overseas letters and overseas parcels).

5. To make the process of claiming compensation for loss and damage clearer and easier for customers, Postcomm is proposing a single loss and damage scheme for the four different types of mail drafted in accordance with a "framework of principles" requiring simplicity and clarity. Postcomm is also seeking views on whether the bulk mail element of the compensation scheme for delay should be retained and what type of scheme would be appropriate for bulk mail customers in the future. Royal Mail itself has put forward its own proposals for revised compensation schemes which are set out in the consultation document.

### **CWU response**

6. In earlier submissions to Postcomm the CWU have made clear that customers should be compensated for mail that is lost or delivered late. We believe that any revised scheme should be easy to understand and be fair to all mail users. Fines and compensation should be consistent across the industry and reflect the requirements of users and the level of genuine inconvenience. We have also argued that any compensation scheme should not only be consistent and uniform across all postal operators, but provide payments that are capped, proportionate and not an incentive for fraud.
7. The CWU believe that any simplified scheme should have robust control and not significantly increase the overall level of compensation paid. Neither should it have any detrimental effect on CWU members and should not be used to supersede the current mail integrity arrangements that are in place.

8. The criteria for claiming compensation should state quite clearly what areas are excluded such as delay due to adverse weather, loss due to vandalism, letter box fires etc.
9. The CWU do not believe it is appropriate to impose requirements in relation to compensation on the universal service provider without imposing similar requirements on private operators. We believe Postcomm should ensure equal terms for license holders in relation to compensation for failures which would constitute a more acceptable regime based upon a consistent and transparent set of rules for all operators (which would be consistent with the European Directive on Postal Services). As a consequence of regulation, a failure in service provision is more costly for Royal Mail than for a competitor. This is unfair competition by any other name.
10. All postal operators should be accountable for the swift and safe carriage of mail and be expected to provide similar levels of compensation to their customers. Since Royal Mail alone may not be responsible for loss, damage or delay, we support the introduction of comparable compensation arrangements for all postal operators that are suitably tailored to their circumstances, whether it be end-to-end or those accessing part of the network through downstream access agreements.
11. The inconsistent approach in the payment of compensation is also evident in the application of service standards. There is still no clear minimum standard for private postal operators beyond those outlined in individual licenses. Another example of the lack of parity and even-handedness in Postcomm's approach.

### **Royal Mail's proposals**

12. The CWU generally support Royal Mail's proposals for the operation of future compensation schemes. We believe it is for Royal Mail to best

determine the compensation arrangements for its customers. The CWU believe the proposals put forward in relation to first class stamped and metered, second class stamped and metered and standard parcels, provide a sensible basis for future compensation arrangements. Any changes over and above those proposed by Royal Mail would be overly onerous on the universal service provider and provide further distortion to the current liberalised market.

13. If Postcomm is serious about the need for 'light touch' regulation we believe it should approve Royal Mail's suggested proposals for revised compensation schemes and introduce comparable industry-wide arrangements that will ensure that all postal operators are covered by a consistent framework of compensation schemes for customers.
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## **2. MAIL COMPETITION FORUM**



### MAIL COMPETITION FORUM

#### **RESPONSE BY THE MAIL COMPETITION FORUM TO POSTCOMM'S CONSULTATION ON ROYAL MAIL'S COMPENSATION SCHEMES**

1. The Mail Competition Forum (MCF) welcomes the opportunity to comment on Postcomm's consultation document dated 30 November 2006 concerning Royal Mail's compensation schemes for delay and loss and damage.
2. Current membership of the MCF consists of Citipost AMP Ltd, DHL Global Mail (DHL), DX Network Services (DX), Racer Consultancy Management Services Ltd (Racer), Secure Mail Services Ltd (SMS), Target Express Parcels (Target Post), TNT Post UK Ltd (TNT Post) and UK Mail Ltd (UK Mail).
3. Given the DTI's introduction of "The Consumers, Estate Agents and Redress Bill" on 16<sup>th</sup> November, the first question we have is how this particular consultation dovetails with the proposals contained within that legislation. As Postcomm are aware, the Bill proposes that they will have a central role to play in establishing the principles and contents of a compulsory cross-sector

redress scheme for the postal industry. Therefore the timing of this consultation appears slightly at odds with this, as any changes that may arise from this process could quickly be made redundant by the launch of a new Redress Scheme. Would it be the case that Postcomm might use this review to formulate some of the principles of a future scheme?

4. If this consultation is a forerunner to the establishment of a national Redress Scheme for the postal industry, then we would want to make it clear that we do not believe that any such scheme should be applied to **all** licensed mail. Assuming the legislation is passed, then we believe that redress should be confined to non-contract, universal service mail where the right to compensation resides primarily with the recipient.
5. As suggested in the consultation document, bulk mail compensation needs to reside with the sender, both for practical and security reasons. Individual mail service providers should therefore have the freedom to negotiate terms with their customers, this being a point of competitive differentiation. It would not be suitable for a redress scheme to incorporate bulk mail on any basis, as this is contrary to the principles of operating a competitive market. This would also tally with Postcomm's longer term intention to reduce, rather than increase, the level of regulation in the postal market.
6. On this basis we question why Postcomm deem it necessary to become involved in determining bulk mail compensation schemes for Royal Mail at all. As these services are in the competitive arena, surely it should be down to Royal Mail to agree with mailers the levels of compensation they offer, and the exclusions from entitlement. The largest mailers can undoubtedly negotiate compensation schemes directly with Royal Mail and smaller mailers can negotiate through trade associations such as the Mail Users' Association. Royal Mail's licence conditions and general competition law would prevent any unfair discrimination between compensation schemes for different mailers. If Royal Mail does not provide bulk mailers with sufficient levels of redress, then customers can determine for themselves whether or not to move to the competition. While Royal Mail's bulk mail compensation scheme may not generally be a barrier to competitive entry (price and service being more significant factors in purchasing decisions), Postcomm are in effect setting Royal Mail's redress policy and negotiation stance on their behalf. By this means Postcomm are enforcing a market standard which other licensed operators have to take into account when establishing their agreements with mailers. Redress terms should be an area that market forces dictate, not a Regulator.
7. If standardised compensation for bulk mail was ceased, then there would be scope for wholesale customers (access competitors) to negotiate their own compensation scheme with Royal Mail. Postcomm involvement would only be required if Royal Mail were to apply terms to wholesale customers that fall below the parameters it sets for its retail customers, as this would be anti-competitive practice.

8. However, if it does remain Postcomm's intention to exert control and determine standards for Royal Mail bulk mail, then it is imperative that these terms should be comparable for both retail and wholesale customers. In fairness, Royal Mail's existing Condition 9 agreements with MCF members do carry like-for-like terms. However these conditions are not supported by quality of service measures to provide wholesale customers with the assurance that performance standards are being complied with, and it is our belief that Royal Mail should be required to speed up development of these measures.
  9. Should Postcomm go further and determine that Royal Mail compensation for bulk mail should be extended to cover lost and damaged mail, then we would expect equivalent conditions to be automatically established for wholesale customers with immediate effect. Failure to do this would result in unfair discrimination between Royal Mail's wholesale and retail customers.
  10. However, we believe that all bulk mail should reside outside any imposed redress scheme, both now and in the future. Should there be any suggestion that this consultation is to feed a future cross-industry redress scheme, and that bulk mail will be included to any extent, then we would require **full** involvement at all stages of discussions. We would not accept that schemes deemed appropriate to Royal Mail as universal service provider and deliverer of 99.8% of licensed mail should be deemed appropriate for other operators.
  11. We do not have any particular comments regarding the compensation offered to consumers for non-contract, universal service mail. We regard this as essentially a matter for Postcomm, Postwatch and Royal Mail to agree. However the MCF does recommend that Postcomm avoids establishing mandatory compensation schemes for redirected mail. Postcomm are expected to issue a second consultation document in April on their proposals to encourage Royal Mail's competitors to provide a redirections service. The initial consultation on Redirections highlighted a significant number of issues that would need to be addressed before MCF members would contemplate offering such a service, not least that the revenue potentially on offer might fail to cover the investment necessary to set up such a service. Adding a compensation risk on top of this would further deter competitors from pursuing redirections, particularly as many of them would not have the experience or operational scale to guarantee an efficient redirections service from the start.
  12. The MCF awaits the next stage of this consultation with interest. However we would re-iterate that should this consultation at any stage evolve into a response to the Redress legislation now being taken to the House of Commons, then we would expect much more direct involvement in the development of proposals, given that our members will be the parties most directly affected by this.
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### 3. DIRECT MARKETING ASSOCIATION



Article I. DMA's response

#### *Section 1.01 DMA*

The Direct Marketing Association (DMA) UK Ltd is the largest trade association in the communications sector, representing both users and suppliers of Direct Marketing. We represent the majority of the major users of postal services and our client membership base represents the largest Royal Mail customer group. We represent all aspects of the supply side of postal services from mailing houses to consolidators and from agencies to data bureaux.

Our members are primarily users of bulk mail services and we have, therefore, restricted our response to the bulk mail compensation scheme.

#### ***Section 1.01 Response***

##### ***Should bulk mail products continue to be included in the scheme?***

Yes. We believe that the compensation scheme has contributed to the dramatic improvements in Royal Mail's quality of service and has helped to restore confidence in users of mail.

Fines imposed by Postcomm have also played a part but these do not get paid to the users who have been affected and the amounts of money involved have been significantly smaller than compensation payments.

We agree that in a competitive market there is no need for a compensation scheme since customers can punish poorly performing suppliers by switching, but don't believe that we yet have a truly competitive market (e.g. competitive products for Mailsort 1 or 3).

We therefore strongly believe that bulk mail products should continue to be included in the scheme.

##### ***What are your views on what the triggers and exemptions for automatic payment of compensation should be?***

We believe that the current triggers for automatic payment are reasonable and should be retained. We accept that that a poorly performing product may not automatically trigger compensation if the QoS measure relates to a basket of products rather than an individual one, but believe this is a pragmatic compromise.

We also believe that it is reasonable for compensation to be withheld from customers where mailings are outside agreed specification.

The issue of compensation to customers whose account is “in arrears” is more difficult. We agree that where an account has persistently been in arrears (and the 80/20 rule does seem reasonable) then compensation should be withheld. Customers, however, need to understand exactly what the criteria for measurement are – for instance when is an account “paid”? When the money appears in RM’s bank account? Or when a cheque is received? Equally, as has been shown in providing evidence for the Judicial review invoices have arrived more than a week after the invoice date so “30 days from date of invoice” can mean 21 days or less. The end result can be a “late” payment that would potentially disqualify compensation.

One of the issues that led up to the Judicial Review was the ambiguity around the exceptions and what was considered to be “in default”. A key component of any compensation scheme is absolute clarity in terms of why and when it is triggered, how much compensation is due and exactly what would be included. The definition of what constitutes “in arrears” must be defined in detail.

Equally there needs to be clear definitions of what constitutes “severe weather” and other exemptions that impact on Quality of Service.

***What are your views on the referral process of the bulk mail element of the compensation scheme for delay?***

The current process seems to work well with the first referral being Royal Mail and then Postwatch. This is a proven process that has helped a number of our members with their claims and ultimately led to the JR itself.

***What are your views on recipients of bulk mail being entitled to claim compensation for delay?***

We think that the original reasons for rejecting bulk mail compensation to recipients still stand. It is difficult to see how it would be possible to identify which recipients from a bulk mailing had received their mail late without significant administrative expense – possibly more than any compensation that would be due.

It would also be ironic in the present “junk mail” debate if the consumer was to receive compensation for mail that they claim they didn’t want in the first place!

***Postal credits***

Finally Postcomm has asked for views on whether the compensation should be in the form of postal credits or continue as at present with bank transfers.

Postal credits have a number of advantages (e.g. no VAT complications, simple and straightforward to operate) and obviously appeal to RM because it means at least the “fine” will be spent with them and not a competitor and will be “re-invested” back into Post.

Our members believe that RM providing postal credits isn’t appropriate because if you are receiving compensation it will be because RM has failed – and as a result

you may be unwilling to simply repeat the experience by spending your compensation with the same supplier.

If RM were to offer the option of a cash payment or an enhanced postal credit (e.g. postal credit is worth 10% more than cash compensation) that would be the ideal solution.

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#### **4. THE INCORPORATED SOCIETY OF BRITISH ADVERTISERS**



**The Voice of British Advertisers**

ISBA welcomes the opportunity to contribute to this phase of the consultation on Royal Mail's compensation schemes. Whilst we understand that this is the first of three consultations and the later stages depend heavily on the result of Royal Mail's appeal against the Judicial Review decision, ISBA appreciates the early gathering of views on such an important issue.

ISBA represents the interests of major UK advertisers in both the public and private sectors across all areas of advertising and marketing communications. Around 400 companies comprise its membership, including 24 of the 25 current largest advertisers, spending over £10 billion on marketing communications annually.

Although our historical focus has tended to be towards the broadcast and print media, ISBA members include five of the top ten advertisers by spend on direct mail, and our membership accounted for approximately £450 million of direct mail spend between during 2006, representing nearly a third of the total (figures courtesy of Nielsen Media Research).

ISBA's members are of course primarily concerned with the Bulk Mail scheme, and although this consultation must necessarily focus more on the "social mail" schemes there are still important issues for advertisers at this stage. We await the outcome of the Judicial Review and look forward to a more thorough examination of the bulk mail scheme in good time. With this in mind, below are answers to Postcomm's questions on the bulk mail scheme and brief comments regarding the schemes for loss and delay:

## **Article I. Bulk Mail Scheme**

### ***Should bulk mail products continue to be included in the scheme?***

ISBA strongly believes that the bulk mail compensation scheme should be continued at its present or an enhanced level. ISBA members welcomed the inception of the scheme in 2003, many benefited from compensation payments and continue to await the outcome of the Judicial Review. It goes without saying that ISBA members position is that they would rather receive the service levels they pay for than compensation, however a compensation scheme acts as both an incentive for Royal Mail to achieve its minimum standards and welcome redress for customers should it fail to do so.

Compensation for poor performance against an agreed standard is a basic principle of business and one offered by many service providers as a matter of course. Whilst it could be argued that high levels of compensation might form an anti-competitive pricing structure, and barrier to market entry, it is unlikely that customers would continue to tolerate poor performance, even at a low price, in a competitive market.

With compensation payments totalling £1million in 2005/6 and Royal Mail on course to achieve its targets for the current year it appears that the continuation of the scheme will not be to Royal Mail's financial disadvantage, and it may also demonstrate that the incentive is working. To end the scheme now not only seems unnecessary, but may also jeopardise the continued acceptable service levels.

### ***What are your views on what the triggers and exemptions for automatic payment of compensation should be?***

In principle the practice of not paying compensation for "non-compliant" mailings is fair: As payments represent compensation for a failure to provide a service, Royal Mail should not be held responsible for delays that may be caused by failure on the part of customers to provide mail in an acceptable format. However there are concerns that in practice this rule could be abused and mailings ruled "non-compliant" in order to limit Royal mail's exposure to compensation payments. Both Postcomm and Postwatch (or future consumer bodies) should carefully monitor any disputes over compliance.

Similarly the exemption from compensation for delay caused by "reasons out of Royal Mail's control" is in principle acceptable. However, it is important that "exceptionally severe weather" is understood to be so by all parties and that the delay caused is assessed and approved by either the consumer council or the regulator.

With regard to the exemption from compensation for accounts in default of their credit terms, again there is a substantial concern that whilst it would be unfair to expect Royal Mail to pay compensation where no initial payment has been received, the terms defined by Royal Mail are too narrow. The requirement to pay 80% of all invoices within 30 days of the due date relates the entirely separate issue of Royal Mail's debt recovery procedures to a compensation scheme

designed to improve service standards. ISBA welcomes the High Court's decision that only companies with accounts not settled by the date upon which compensation is due to be paid should be removed from the scheme, and hope that it is upheld on appeal. Royal Mail's strict application of its own financial compliance rules has caused significant bad will amongst many of its customers and it is to be hoped that in future the scheme will focus entirely on service levels rather than payment arrears.

***What are your views on the referral process of the bulk mail element of the compensation scheme for delay?***

During the introduction of the scheme there were several instances where ISBA members felt that their appeals were not treated sufficiently seriously by Royal Mail and that the process was insufficiently resourced. It is imperative that any appeals process should have a higher body to refer disputed claims. Any future arrangements must await the Judicial Review appeal, and it is to be hoped that Royal Mail's proposals for a new scheme would contain a significantly improved appeals process. Recent legislation affecting the status of Postwatch might make it more appropriate to refer complaints to the relevant ombudsman, it may also be worth delaying any new scheme until a satisfactory appeals body can be identified.

***What are your views on recipients of bulk mail being entitled to claim compensation for delay?***

Although the potential process of senders claiming for delay on bulk mail has been deemed too inefficient, without doubt recipients suffer inconvenience, and occasionally material loss, due to delayed items. If an advertiser wishes to make customers aware of a time bound promotion via direct mail, and that mail piece is delayed, the recipient loses the opportunity to take advantage of the promotional offer and the sender loses potential business. Whilst ISBA members are typically the senders in this scenario, and therefore potentially entitled to compensation, the dissatisfied customer may seek recompense from the sending company. It seems only right that if Royal Mail is responsible for such a situation, Royal Mail should offer some recompense to the receiving customer.

**Article I. Loss, Damage and Delay Schemes**

As already stated ISBA is primarily concerned with the bulk mail scheme as the products it covers are those most commonly used for direct marketing, however there are some issues that do concern advertisers in the schemes designed for "social" mail.

ISBA agrees with Postcomm's high level framework principles, particularly that any scheme should be transparent and as simple as possible. Whilst Royal Mail does not propose many substantive changes to the scheme that will affect advertisers there is one particular issue with the general move toward stamps as payment rather than cash. The scheme covers "Stamped and Metered" mail, and whilst recompense in stamps might be appropriate for the former, those using meters may well have no use for stamps.

Once again ISBA would like to thank Postcomm for the opportunity to express our view at this stage, and we look forward to a more thorough examination of the bulk mail scheme in the next stage of the process. If you have any questions, or would like to discuss the content of this document please do not hesitate to contact me.

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## **5. LOVEFILM INTERNATIONAL**

We are the largest UK online DVD renter and pass 1M items per week through Royal Mail's standard letter service. Our business model means customers sign up for a monthly subscription and make a list of films they want to watch. We then send up to 3 films to the customer (depending on which of our packages they are on) – all our post is first class for a next day delivery. As soon as they have watched one, they return the DVD in the prepaid return envelope we provide (again a first class letter service). Breakages; losses and delay in service are a great source of concern for us.

### **Inequality between loss, damage and delay compensation payments.**

We are not so concerned by the fact that there is a difference in these schemes as to the criteria for fulfilling requirements for compensation.

### **What are your views on the differences between compensation paid and evidence required? How do you think the inequality between loss and damage and delay compensation payments could be best addressed?**

Clearly providing more information for the lesser amount to be claimed is not sensible.

Compensation for delay should be a % of the postage paid based on the number of days delay.

It makes no sense to pay more for something that does arrive, rather than something damaged or lost completely.

### **What are your views on the maximum compensation imposed by Royal Mail's schemes dealing with compensation for loss and damage?**

£32 seems a reasonable amount of compensation – I would expect if posting anything over say £50 in value to be insured or sent by secure posting method.

### **What are your views on whether compensation for delay should be payable sooner?**

I agree with your views that for first class, reducing the initial delay period to a 3 day wait for a next day service makes more sense. Other dates look fine.

### **What are your views on Royal Mail's use of stamps as a form of compensation?**

We receive compensation in the form of a credit on our account with Royal Mail. While I'm sure it benefits Royal Mail in providing compensation in its own currency, it does force the customer to continue using that service and while for us, there is still currently no other service provider we can turn to for the national distribution and return of our mail, I can see this hindering other customers from being able to use that compensation to go to elsewhere, or at least using it where needed in the business.

**What are your views on the nature of the evidence required to support a claim for compensation?**

We are only able to claim for discs which are lost on posting from us to the customer where we have our Epro document as proof of posting. We report monthly claims which equate to approx 3500 lines. We used to be obliged to provide copies of invoices for a 10% sample which took 1 man day and resulted in approx 50 copies of invoices being posted. Royal Mail later agreed to adopt a blanket value of £10 per disc to avoid all the extra admin.

One of our biggest complaints is that we are unable to claim for losses in the post coming back into us from customers as we are unable to provide a proof of postage. Royal Mail state we should ask customers to obtain a Proof of Posting from their local post office: but our service is aimed at ease of use by customers who can just return discs via their local post box and with less and less Post Offices nationally it seems an unrealistic request. Royal Mail know how much post comes back into us weekly (500k units) - they know average postal losses (to say nothing of our increased levels), it should be straight forward for us to claim a certain percent.

**What are your views on Royal Mail refunding the cost of posting?**

Under our scheme with Royal Mail we are told that the blanket £10 we can claim includes the postage, but customers should be able to claim the cost of the items lost/damaged in addition to the postage – after all they have paid for a service they have not received.

**What are your views on how market value should be calculated?**

I have sympathy for Royal Mail with this, in the case of the magazine, cover cost would appear to be the market value, but how does that relate to rare copies? I would expect market value to be the cost at which you can currently replace the item in the market. The customer would have to provide evidence as proof of this – would Royal Mail accept internet price comparison sites or something similar where a receipt is unobtainable or misplaced.

**What are your views on the issue of eligibility for delay compensation for retail customers using the redirections service?**

We have experience of using the retail redirection service, which worked reasonably well after a few initial hiccups. The amount paid for the redirection service is minimal although you would still expect post to arrive within an additional 3 (for example) days. As Royal Mail don't provide guidelines for the service they

expect redirected mail to receive, it is currently hard to specify if they are within target.

Guidelines should be set, then performance monitored and compensation payable against pre-defined standards.

**What are your views on the issue of eligibility for compensation of users of the Articles for the Blind service?**

These customers should still be eligible for compensation for the actual item – obviously no postage would be refunded from the £32 max.

Royal Mail should ensure the restrictions on packaging do not adversely affect the ability of the pack to travel through the postal system.

**Views on continuation of bulk mail element of compensation for delay.**

We currently receive bulk compensation on our inbound post. This works well for us taking a standard percentage as it saves a lot of work in having to provide individual information on delayed mail. Again, this would be almost impossible for us to provide sufficient proof of postage to Royal Mail if we had to submit our own claims.

**What are your views on what the triggers and exemptions for automatic payment of compensation should be?**

I would agree that Royal Mail are within their rights to withhold payment for conditions 4.11; 4.12 and 4.13 – assuming that adherence requirements concerning credit terms are clearly laid out in advance as part of the contract.

**What are your views on recipients of bulk mail being entitled to claim compensation for delay?**

As stated previously, it would be extremely difficult for customers to obtain information on individual items in order to provide a claim.

**What are your views on Postcomm's proposals for the development of a single unified compensation scheme for loss and damage?**

Not sure that a single scheme would be able to address customer's needs, however strongly agree that de-regulation of compensation schemes is the way forward. As an industry, on line DVD rental currently suffers as existing Royal Mail compensation schemes do not really cover this business model. We have tried working with Royal Mail on a fairer approach, but have always been quoted "compliance" as a reason for not being able to take anything forward. Not being able to claim for inbound losses is a case in point: Royal Mail is aware it loses ~0.4% of our mail in this manner, but we are unable to claim. We have stated that we would be willing to accept liability on some of this loss due to the nature of the product we are shipping, but Royal Mail should be accountable towards the service.

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## **6. ROYAL NATIONAL INSTITUTE OF THE BLIND**

I am pleased to respond to Postcomm's consultation on Royal Mail's compensation schemes.

We agree that developing a consistent framework for compensation would be preferable.

We regularly receive calls from individuals and local societies of blind and partially sighted people regarding aspects of the operation of the Articles for the Blind Scheme. The majority of the calls are about delays and loss of items being sent via Articles for the Blind.

As mentioned by Postwatch, some of the items that are sent using the freepost scheme have a high cost. It is important that this is recognised and that these items are covered.

Articles for the Blind should be included in the amended Royal Mail compensation schemes for delay, loss and damage. RNIB and other organisations representing the interests of blind and partially sighted people believe that customers with sight loss who use Articles for the Blind should be afforded the same rights as other Royal Mail customers.

In addition, we would argue that it is precisely because Royal Mail impose conditions of posting that render items more susceptible to loss, damage or delay that Articles for the Blind should be covered.

We would question the extent to which stamps issued as compensation would be useful to customers who predominantly, if not exclusively, use the Articles for the Blind scheme.

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## **7. GARY SMITH, REDACTIVE MEDIA GROUP**

Postcomm is asking mail customers for their views on a series of questions, including:

- How to address the inequality between loss and damage and delay compensation payments  
Answer: for delay it should be based on 10% cost back per day delayed – loss should be based on clients costs to replace items
- Royal Mail's use of stamps as a form of compensation - currently rubbish - are they really going to supply £45,000 worth of stamps for a loss or delay? - either remail free of charge as well as any additional costs incurred by the loss / damage.

- The evidence required to support a claim for compensation - I'd be happy to supply estimate from my suppliers of costs
  - Eligibility for compensation for users of Royal Mail's Articles for the Blind Service - n/a
  - The continuation of a compensation scheme for bulk mail customers enforced by Postcomm. - absolutely essential that Postcomm police this section of RM.
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## **8. RICHARD OLIVER, DARCY EVEREST**

We are a small business, and obviously a retail user, so in effect Royal Mail has a monopoly on our business.

Although we do have quite a number of delayed letters they do not normally cause many problems and measurable financial repercussions are small.

The main problem is lost letters. We have given up counting these now, and only rarely complain to Royal Mail when there is a particularly bad patch. So far we have 6 lost letters during January 2007.

When we do there is occasionally an apparently arbitrary gesture of 12 x 1st Class stamps sometimes accompanying the standard response letter. However the service never seems to improve.

We understand that some lost and damaged letters are inevitable given the volumes, but there is no apparent incentive for Royal Mail to improve as it costs them nothing.

There needs to be a compensation scheme for simple lost letters whereby a complainant would automatically receive a small sum – maybe the cost of the postage on the lost letter. It could be differentiated between letter sizes to reflect the postage cost. It is not so much the size of the compensation but it would give Royal Mail some incentive to improve – and improve it must.

The same should apply to lost Recorded Delivery where we were again given the standard gesture of 12 x 1st Class stamps. The minimum here should be £10-00 for those items without an insured value.

We have never seen any details of compensation arrangements. Now having looked on their website it is not particularly noticeable, and certainly does not convey any clear message, except that there is no compensation - although one has purchased a service

An alternative compensation scheme, instead of paying something to the complainants directly, would be to 'fine' Royal Mail on a performance basis rather like the Business Bulk Mail Compensation scheme – perhaps give the money to charity? – sufficient to act as an incentive for them to do more to improve. Personally we favour compensating the complainants directly, small though it might be.

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## 9. GROLIER LTD

Please find detailed below our response to the questions asked regarding Royal Mails Compensation Schemes.

- How do you think the inequality between loss and damage and delay compensation payments should be addressed?  
*RML should pay more and not set standard rates. Actual costs incurred should be included, for example advertising, despatch handling and postage costs.*
  - What are your views on Royal Mails use of stamps as a form of compensation?  
*These are no use to business'*
  - What are your views on the nature of the evidence required to support a claim for compensation?  
*RMLs evidence to support claims seems to change on an annual basis. When RML make system, department or staff changes they expect customers to change the way in which claims are presented. RML give no advance warning of any changes and refuse to make payment if changes not made. RML take no consideration into the amount of cost or level of work that is required by customers every time system changes are made. RML honour certain elements of claims for a period of time and then dispute and refuse to honour them. There is no consistency with claims processing. The amount of detail required and time being spent processing claims is more costly than the value of the claim being made. The requirements for processing claims needs addressing once and for all.*
  - What are your views on the issues of eligibility for compensation of users of Royal Mails Articles for the Blind?  
*Not relevant.*
  - What are your views on the continuation of the bulk mail element of the compensation scheme for delay?  
*Based on RMLs current level of performance this is of no benefit to our business.*
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## 10. TONY EGINTON & CO

The concern which I have is that the reduced rates for business users has not been extended to Smartstamp users. Smartstamps is marketed as a purely business postal solution and is in direct competition with franking machines. However, franking machines are allowed the lower rates to compensate for the failure of Royal Mail to achieve the targets set. Smartstamps do not receive the lower rates and this is both indefensible and unfair. As it is, using the retail compensation is just impossible for a business to use and is just a waste of my time. I look forward to your comments.

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## 11. INTERCITY COMMUNICATIONS LIMITED

Further to your letter regarding the above [Royal Mail's Compensation Schemes for Delay/Loss and Damage] my recommendations would be firstly to make any compensation claims as simple as possible. The Royal Mail should set out a simple claim form approved by Postcomm. Secondly I do not agree with Royal Mail using postage stamps as a form of compensation as it does not give the customer freedom of choice. Evidence of delivery should be able to be proved substantially but there should be some form of arbitration in place for both parties.

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## 12. ALLIANZ CORNHILL

**How do you think the inequality between loss and damage and delay compensation payments should be best addressed?** My only comments relate to delay and for all services the compensation should be like for like in the same way as Timed Delivery – so whatever the fee is we should receive the fee back if the service is not achieved.

**What is your view on Royal Mail's use of stamps as a form of compensation?** In this day and age I do not think stamps are suitable – all compensation should be in the form of stamps (cheque).

**What are your views on the nature of the evidence required to support a claim for compensation?** Simply that the service was not achieved – your systems should be intelligent enough to track.

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