

Own Motion Inquiry 'Internal Dispute Resolution Process'

Observing insurance brokers' compliance with Service Standard 10 of the Insurance Brokers Code of Practice: 'We will ensure that we have an internal complaints and disputes handling process that meets the Code Complaints and Dispute process standards'.

February 2017

About this report

The Code

The 2014 Insurance Brokers Code of Practice (the Code) sets standards of good industry practice for the 323 insurance brokers that have agreed to follow its standards when dealing with current and prospective individual and small business clients. The Code is owned and published by the National Insurance Brokers Association (NIBA) and forms an important part of the broader national consumer protection framework and financial services regulatory system.

The Code contains 12 key service standards that apply to all insurance broking services delivered to individuals and small businesses by Code Subscribers across Australia.

By subscribing to the Code, insurance brokers have committed to continuously improving their standards of practice and service in their sector; promoting informed decision-making about their services; and acting fairly and reasonably in delivering those services.

The Committee

The Insurance Brokers Code Compliance Committee (the Committee) is an independent compliance monitoring body established under the Code and the Code Compliance Committee Charter (the Charter). It comprises an independent chair, a person representing the interests of the insurance broking sector and a person representing the interests of consumers (including small businesses). The Code and Charter entrusts the Committee with a number of functions and responsibilities, including to:

- conduct Own Motion Inquiries into compliance with aspects of the Code
- provide advice to NIBA on training and other activities necessary to assist subscribers to meet their Code requirements.

Definitions

For ease of reference when reading this report:

- 'The Code' means the 2014 Code unless otherwise stated.
- 'Consumers' or 'clients' includes individuals or small businesses that are current and prospective customers of Code Subscribers.
- 'Code Subscribers' means insurance brokers that subscribe to the Code.

Contributions

The Committee would like to thank each organisation that participated in the survey and the Code team who significantly contributed to the publication of this report.

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Executive summary

Service Standard 10 – Internal Dispute Resolution

'We will ensure that we have an internal complaints and disputes handling process that meets the Code Complaints and Dispute process standards.'

Through Service Standard 10 of the Insurance Brokers Code of Practice (the Code) insurance brokers promise clients that they have established an internal complaints and disputes handling process that meets the Code Complaints and Dispute Resolution Process standards.

These standards require that the complaints and disputes handling process has two steps - meets the general standards, such as Australian Securities and Investments Commission (ASIC) Regulatory Guide RG 165, and contains documented steps for resolving a complaint from start to finish. This includes the referral of any unresolved dispute to an ASIC approved external dispute resolution provider and the reporting, at any stage of the process, of potential Code breaches.

This own motion inquiry (the inquiry) seeks to develop a better understanding of how insurance brokers manage their obligations under Service Standard 10 and thereby benchmark current industry practice for organisations of varying sizes. Recommendations for good industry practice and improvements to the client complaint handling process are based on the findings of the inquiry. Key findings include an assessment of how to make a complaint, responding to a complaint and the accountability and learnings for an organisation resulting from a complaint.

Overall, the inquiry has found that insurance brokers have accessible and visible internal dispute resolution information in place and that organisations have a good understanding of the importance of having clear, written internal dispute resolution procedures. Staff across organisations of all sizes are well trained in complaint handling. The inquiry has also found that internal dispute resolution processes should include some strategies to provide guidance to staff if they come across a client who requires assistance to access the internal dispute resolution process due to a disability or language barrier.

All organisations follow good industry practice regarding responsive and fair complaint handling. Privacy and confidentiality requirements are generally observed. The inquiry identified areas for improvement regarding the handling of complaints against individual employees and the expansion of internal dispute resolution processes to include mediation and adjudication.

The inquiry found that most organisations established well developed systems regarding recording and monitoring. Where an organisation engages third party service providers, these providers should be included in its internal dispute resolution process.

In its recommendations, the Committee acknowledges that there is no one solution fits all and that finance and staff resourcing place restraints on smaller organisations. At the same time, larger organisations must ensure that commercial decisions to settle complaints do not

result in a lack of proper root cause analysis, as this may jeopardise the accuracy of the complaint data and its review by management.

Regular education and training of all staff, including contractors, third party service providers, agents and authorised representatives, appear to be the key factor to ensure that internal dispute resolution works in the long term. This includes a learning and development process following the finalisation of a complaint to add future value and benefit the organisation.

While no complaint is too small to be recognised, it has to be recorded and reported in a meaningful way. This enables the organisation to learn from the complaint and gain value from it through developing and maintaining both client and greater public confidence.

The conclusions of this report based on the findings of the inquiry focus on ensuring continuing effective internal dispute resolution by insurance brokers and promoting good industry practice.

Introduction

This report was prepared by the Committee following its inquiry into insurance brokers' compliance with their obligations under Service Standard 10 of the Code. This key promise sets out the insurance brokers' commitment to have in place internal complaints and disputes handling processes that meet the Code Complaints and Dispute process standards.

Aims of the inquiry

The aims of the inquiry were to:

- assist the Committee to better understand how insurance brokers manage their obligations under Service Standard 10
- recommend improvements to complaint handling
- identify and promote good business *practices* for dealing with clients' complaints.

Code obligations

The Code's obligations regarding internal dispute resolution (IDR) are set out in Service Standard 10:

'We will ensure that we have an internal complaints and disputes handling process that meets the Code Complaints and Dispute process standards.'

The Complaints and Dispute Resolution process¹ requires an insurance broker in particular to:

- conduct the process *free* of charge
- conduct the process in a *fair, transparent and timely* manner
- immediately acknowledge the receipt of a complaint or dispute
- only ask for and take account of *relevant information* in considering a complaint or dispute
- *immediately* initiate action to correct any identified error or mistake
- allow the client to *seek access* to information being relied on in assessing a complaint or dispute and provide reasons when this access is being denied
- handle complaints and disputes caused by *Authorised Representatives*.

The usual process for resolving a complaint requires an insurance broker, in particular:

- to advise the client *within 21 days* how the complaint is proposed to be resolved
- if the complaint is unresolved after 21 days, to *refer* it to an IDR manager
- for the IDR manager to advise the client of their final decision *within 21 days in writing*
- if the complaint is unresolved, to *provide* the client with information about the Financial Ombudsman Service (FOS) Australia.

¹ See page 14 of the Insurance Brokers Code of Practice.

NIBA Code guidance notes²

NIBA's Code guidance notes also state that:

- Insurance brokers' IDR procedures must comply with standards and requirements made or approved by the Australian Securities and Investments Commission (ASIC) (see ASIC Regulatory Guide RG 165³).
- Insurance brokers need to ensure that for retail clients they meet any applicable specific ASIC requirements, especially regarding time limits.

Methodology

Data for the inquiry was collected through a 51-question online questionnaire that was released to all 323 Code Subscribers of which 299 completed questionnaires were received.

Each question asked insurance brokers to rate their organisation's IDR procedures and how these procedures are embedded in their organisation's overall compliance framework on a rating scale from 1 to 5, as per **Table 3** below.

Table 3: Scale of compliance assessment

Rating	Competency	Description
5	Consistently Observe	This competency is observe on a constant basis; everyone in contact with clients would observe excellence in this area
4	Observe most of the time	This competency is observe on a consistent basis, and instances of non-observance are isolated
3	Observe	This competency is observe most of the time, but remains an area to focus on, so that it is observe constantly without exception
2	Observe Sometimes	The competency is observe on an infrequent basis, there is a clear development opportunity here
1	Seldom Observe	Needs immediate improvement

During the inquiry, some Code Subscribers report that the rating scale did not always accurately reflect the situation within their organisation. The rating scale descriptions for 'observe' and 'seldom observe' ratings suggest that the Code Subscriber needs to improve its practice. However, some Code Subscribers selected these ratings because they believed that the competency in question was not relevant for their organisation. For example, for a small organisation it is not economical to have a dedicated person to look after complaints only, or to have specific systems in place for non-English speaking clients or clients with a disability. We have taken this into consideration when analysing responses. We will also consider this feedback when developing rating scales for future Own Motion Inquiries.

² See <https://www.niba.com.au/codeofpractice/c3-complaints-and-disputes-resolution-1.cfm>.

³ See <http://www.asic.gov.au/regulatory-resources/find-a-document/regulatory-guides/#rg165>

How to make a complaint

Organisations can improve the experience of a client to make a complaint by ensuring that complaint arrangements are customer-focused, visible, accessible and valued and supported by management. Code Subscribers were asked to assess their IDR processes accordingly, in particular their accessibility and simplicity.

Accessibility

Accessibility is crucial to enable clients to make a complaint. The IDR process should include easily accessible and well-publicised mechanisms for lodging a complaint.

Any person who has had a problem with a service needs to know how to make a complaint, and to whom. This information should be readily available. Clients should find it easy to file a complaint, whatever the circumstances. They should not be charged a fee for lodging a complaint. The organisation should encourage clients to make their complaints known and should treat them with courtesy.

The respective size of the organisations were categorised as follows

Size of organisation	Number of Staff	Number of Respondents
Large	Above 100 FTE staff	18
Big	31 to 100 FTE staff	36
Medium	21 to 30 FTE staff	35
Small	Up to 20 FTE staff	210
Total		299

Table 4 details the responses received from Code Subscribers regarding the accessibility of the IDR process.

Table 4: Accessibility of IDR by organisation size

Size of organisation	Seldom observe	Observe sometimes	Observe	Observe most of the time	Consistently observe
<i>Does your organisation provide information about how to complain and to whom complaints should be made, including a contact name/department, a phone number, email and an address? How is this information disseminated?</i>					
Large	-	-	6%	13%	81%
Big	-	-	-	26%	74%
Medium	-	-	-	10%	90%
Small	-	-	2%	14%	84%
Total⁴	-	-	1%	15%	84%

⁴ Percentage shown in this row relates to all organisations regardless of size.

Size of organisation	Seldom observe	Observe sometimes	Observe	Observe most of the time	Consistently observe
<i>Has your organisation published its standards of service and made them available so that clients know what standards of service they may expect?</i>					
Large	5%	6%	8%	21%	60%
Big	3%	-	7%	18%	72%
Medium	3%	-	11%	33%	53%
Small	3%	-	9%	23%	65%
Total	4%	4%	9%	22%	61%
<i>Can clients make complaints in a variety of ways – in person, in writing, by email, fax, and by telephone?</i>					
Large	-	-	-	11%	89%
Big	-	-	-	3%	97%
Medium	-	-	-	11%	89%
Small	-	-	1%	11%	88%
Total	-	-	1%	10%	89%
<i>When necessary, has your organisation informed clients about ways that a relative or friend might help with a complaint if clients have difficulty expressing themselves (either due to physical or mental impairment, or language barriers, etc.)?</i>					
Large	-	11%	11%	39%	39%
Big	22%	11%	14%	28%	25%
Medium	14%	6%	6%	20%	54%
Small	5%	4%	16	21%	54%
Total	8%	6%	14%	23%	49%
<i>Does your organisation have designated staff to help clients formulate and pursue their complaints?</i>					
Large	-	-	17%	44%	39%
Big	3%	-	8%	19%	69%
Medium	-	-	3%	17%	80%
Small	1%	1%	-	15%	83%
Total	1%	1%	3%	17%	78%
<i>Are there suitable arrangements to allow clients with disabilities to complain?</i>					
Large	17%	6%	17%	17%	43%
Big	19%	11%	11%	25%	34%
Medium	14%	-	14%	11%	61%
Small	8%	6%	14%	20%	52%
Total	10%	6%	14%	19%	51%
<i>Are there suitable arrangements and instructions available to allow non-English speaking clients to make an enquiry or lodge a complaint?</i>					
Large	28%	11%	28%	22%	11%
Big	31%	11%	14%	31%	13%
Medium	17%	-	26%	29%	28%
Small	19%	10%	16%	18%	37%
Total	21%	9%	18%	21%	31%

Size of organisation	Seldom observe	Observe sometimes	Observe	Observe most of the time	Consistently observe
<i>Do employees know what to do when they receive a complaint?</i>					
Large	-	-	6%	39%	55%
Big	-	-	-	28%	72%
Medium	-	-	3%	11%	86%
Small	-	-	-	17%	83%
Total	-	-	1%	18%	81%

Information about the IDR process

Overall, 84% of Code Subscribers consistently provide information about the IDR process, including specific contact information and timeframes. Code Subscribers advised that IDR information is included in their:

- Financial Services Guides (FSGs)
- invoices
- websites (on the 'contact us' page or on a designated complaints page)
- mobile applications
- special IDR flyers
- as a phrase prominently displayed on all notices.

Large organisations who make up the biggest group (6%) state that improvement could be made in this area. This is also report by 3% of medium-sized organisations and 1% of small organisations.

Publication of IDR processing standards

While most Code Subscribers only provide simple information about how to make a complaint, a smaller proportion include specific details regarding their IDR processing standards. Overall, 61% of organisations publish their standards of IDR service consistently and 22% most of the time.

22% of organisations report that this was an area for improvement. Large organisations appear to be slightly less likely to publish their IDR processing standards. 11% of large organisations state that they 'seldom' or 'sometimes' published this information, compared to just 3% of organisations of other sizes.

Code Subscribers comment on why they do not publish IDR standards and what other steps they take to detail their processes:



“Any complaint lodged is responded to detailing how it will be handled and what to expect in accordance with the Code. However, the internal documents are not published in the open forum.”

“Through the FSG we give an overview, this is confirmed on our website. We do not specify that we will answer calls in three rings etc.”

“Our procedures are that more extensive detail on Service Standards are published for clients of a certain size, however the smaller clients receive automated disclosure as per previous question.”

“We do not publish the standard but we do tell our clients what they can expect from us.”

“Being an SME [small and medium-sized enterprise] our service standard is to provide responses within a day.”

Complaint channels

Most Code Subscribers report that clients can complain in a variety of ways. 89% confirm that this is consistently achieved; a further 10% report that there are only occasional instances of non-compliance. Only 1% of the small organisations report that they need improvement to how a client can make a complaint. These observations suggest that all Code Subscribers have a process in place to enable a client to make a complaint, however, the visibility and accessibility of such process might need improvement.

Organisations state that complaints can be made in person, writing, telephone, fax or email. Complaints are accepted by way of any method of communication with the exception of complex complaints, where organisations encourage a written complaint to support any verbal complaint so that the matter can be fully investigated and acted on. There is no particular format required to lodge a written complaint.

Help to make a complaint

Organisations' standards vary regarding advice to clients that they can have assistance to make a complaint. Just over half (54%) of the small and medium-sized organisations confirm that they consistently advertise to clients that a relative, friend or consumer advocate (such as a legal advice service) might help with a complaint if clients have difficulty expressing themselves (due to physical or mental impairment, language barriers, etc.).

Big and large organisations are less likely to report that they consistently observe this practice – 25% and 39% respectively. 22% of big organisations state that this practice is seldom observe.

Some Code Subscribers comment that clients are assisted on a more ad hoc basis:



“Relatives have been involved in complaint discussions due to our client being elderly or unable to speak good English.”

If such a situation arises, we let the client know that they may obtain the assistance of a friend, relative or support service such as a translator, to articulate their complaint.”

In practice, staff assist where there may be communication difficulties by dealing with relatives but could improve by communicating this to clients proactively rather than dealing with it when the situation occurs.”

Clients with disability

Organisations report that suitable arrangements to assist clients with a disability are consistently observe (51%) or observe most of the time (19%). Big and large organisations are more likely to state that this was only seldom observe. Some report that there have not been any instances of a client needing assistance due to a disability.

In Australia, 18.5% of the population, or around 4.2 million people, have a disability. 6% of the population have severe or profound disability (around 1.4 million people).⁵ Given the prevalence of disability, Insurance Brokers should be aware of and prepared to accommodate clients with a disability, including review of the accessibility of the premises, training of staff to deal with clients with disabilities, providing access to existing facilities to assist clients with disabilities, working together with consumer advocates in this area.

One Code Subscriber describes specific steps taken to accommodate clients with a disability:



“Dependent upon disability we allow representatives to act on clients’ behalf as required. Premises are disability friendly.”

⁵ See <http://www.aihw.gov.au/disability/>

A number of other Code Subscribers comment that they have or would in future accommodate special needs on an ad hoc basis:



“People with disabilities who made a complaint would have a fair hearing. Depending on the disability we would definitely use any resource we could find to assist them with their complaint.”

This has been treated in the past on a needs basis but now there will be more focus on same [accommodating clients with a disability].”

We would provide the highest level of support possible with the resources that are available to us. Obviously this depends on each circumstance. This is an area that will be addressed in future to ensure that staff are adequately trained.”

Managed on a case by case basis. Complaints Manager has financial resources available to address as necessary in the circumstance.”

Once it is recognised that a client may have a disability, management are immediately informed and arrangements to provide services to assist the client are put in place – however, as much of our business is conducted either over the telephone or via email, and in consideration of privacy issues, it is not always immediately known if a client may have a disability.”

Non-English speaking clients

Only half of all organisations state that they consistently (31%) or most of the time (21%) provide assistance for non-English speaking clients to lodge a complaint. 30% of organisations state that it is only sometimes (9%) or seldom (21%) observe.

This appears to be an important issue, given that in 2011, the Census revealed that over a quarter (26%) of Australia's population was born overseas and a further one fifth (20%) had at least one overseas-born parent. In 2011, 81% of Australians aged 5 years and over spoke only English at home while 2% did not speak English at all. The most common languages spoken at home (other than English) were Mandarin (1.7%), Italian (1.5%), Arabic (1.4%), Cantonese (1.3%) and Greek (1.3%).⁶

⁶ See <http://www.abs.gov.au>

Several Code Subscribers report that they do not or cannot assist non-English speaking clients with complaints:



"All staff speak English only. We are unable to arrange insurance for non-speaking English persons."

"Unless they have availability of an interpreter we can't help."

Some comment that this is because they do not have non-English speaking clients:



"We have no non-English speaking clients. We know this as to arrange insurance with us, they must be able to speak English."

"Never come across this and thus selected the middle option as we do not have a process to deal with it, it is not a part of our business model to engage with retail clients of this nature."

"We have not encountered any insurmountable issues with non-English speaking clients seeking to make an inquiry or complaint. It is worth noting that in order to reach the complaints stage, a client would have had to make contact with us in the first instance to either discuss our services, ask us to provide quotes or arrange insurance for them. We are a small brokerage and we do not have the capacity to provide a translation service for clients nor are we able to produce complaints documentation in every language."

Code Subscribers who do or would provide some assistance refer to making interpreter services available or using multilingual staff:



"We would direct any enquiry to the Interpreter and National Relay Service."

"We are prepared to speak to a client's support person or translator. Where necessary we refer clients to the government's Translating and Interpreting Service ("TIS"). We also have some staff who speak community languages and can assist with communication."

"Our complaints process only extends as far as our ability to negotiate a client's insurance requirements on their behalf. (e.g. if a Chinese speaking staff member is required to bind a policy using only Chinese language, then we have the ability to address their complaints.)"

"Have not had the need but in saying that we do provide some languages, incl. Cantonese, Tagalog, Hindi, Greek and Arabic."

"Whilst we do not have a multilingual team member, every courtesy and assistance will be extended in assisting a non-English speaking client to communicate their needs."

Designated IDR staff

Overall, 78% of Code Subscribers confirm that they consistently have designated staff for their IDR process, while 17% report that they have designated IDR staff most of the time. Interestingly, big organisations are most likely to identify this as an area for improvement (3%).

Depending on their size, organisations have either a dedicated complaints/compliance officer or manager or a legal, risk and compliance team that looks after complaints. Client managers refer complaints to their superior and to the compliance manager, who monitors the complaint until resolution is reached. In some cases, the claims department assist clients who wish to appeal a declined claim. In small organisations, the managing director deals directly with complaints. Due to the small size of the organisation, there are no dedicated staff in this specific function, however all staff are aware that they must escalate complaints to the managing director.

Staff complaints handling knowledge

Most organisations state that all employees are aware of what to do when they receive a complaint. Overall, 81% of organisations report that staff consistently know how to handle complaints, while a further 18% state that staff have this knowledge most of the time. 6% of the large organisations, however, acknowledge this as an area for some improvement.

Code Subscribers comment that training is provided, both at induction and on an ongoing basis. Staff have access to a complaints database and a complaints policy and procedure, and can discuss complaints they have received with the Complaints Manager. Organisations also confirm that they have regular staff meetings to discuss client and business issues and that best business practice is reinforced at team meetings.

Conclusions and recommendations

Insurance brokers have accessible and visible IDR information in place, and staff are well-trained in how to deal with complaints across all organisation sizes.

However, where clients need assistance to be able to lodge a complaint due to a disability or language difficulties, insurance brokers are not observing good IDR practice as consistently. The Committee acknowledges that providing assistance in such circumstances might involve an expense which might not be justifiable to smaller organisations. Nevertheless, IDR processes should include some strategies to provide guidance to staff should they come across a client who might need assistance.

- Utilise readily available resources to deal with clients who need assistance due to a disability or language barrier.
- Use IDR processing standards to achieve best business practice not just compliance with Australian Standard AS ISO10002-2006.
- Ensure ongoing staff training in complaints handling, using team meetings to embed best business practice and a culture of effective complaints handling.

Simplicity

Complaint resolution mechanisms should be simple to understand and use. Organisations should handle complaints according to clearly established procedures that are easy to understand. Procedures should be consistent across different parts of the organisation, and apply to the entire organisation. However, resolutions will vary according to the type and nature of the complaint. **Table 5** details the responses received from Code Subscribers regarding the simplicity of their IDR processes.

Table 5: Simplicity of IDR by organisation size

Size of organisation	Seldom observe	Observe sometimes	Observe	Observe most of the time	Consistently observe
<i>Is written guidance on complaint resolution procedures available for members of the public?</i>					
Large	-	-	-	11%	89%
Big	6%	-	11%	14%	69%
Medium	3%	-	6%	9%	83%
Small	5%	-	3%	16%	75%
Total	4%	-	4%	15%	76%
<i>Are the steps of the procedure set out clearly so that clients making complaints know what to do next?</i>					
Large	-	-	-	28%	72%
Big	3%	-	14%	31%	53%
Medium	-	3%	-	23%	74%
Small	1%	1%	6%	20%	71%
Total	1%	1%	6%	22%	70%
<i>Is written guidance on complaint resolution procedures available for staff?</i>					
Large	-	-	6%	11%	83%
Big	-	6%	-	17%	78%
Medium	-	-	3%	11%	96%
Small	2%	1%	3%	14%	80%
Total	1%	1%	3%	14%	80%
<i>Are managers, staff, and clients involved in developing complaint procedures?</i>					
Large	11%	6%	11%	39%	33%
Big	3%	8%	14%	22%	53%
Medium	9%	3%	17%	29%	43%
Small	6%	6%	14%	21%	53%
Total	6%	6%	14%	23%	51%
<i>Does your organisation review these procedures regularly, and where appropriate, seek to improve them?</i>					
Large	6%	-	6%	28%	61%
Big	3%	-	14%	31%	53%
Medium	-	3%	3%	26%	69%
Small	1%	1%	12%	25%	60%
Total	1%	1%	11%	26%	61%

Size of organisation	Seldom observe	Observe sometimes	Observe	Observe most of the time	Consistently observe
<i>Do the procedures set out clear responsibilities for individual staff members at every level?</i>					
Large	-	6%	-	22%	72%
Big	6%	3%	6%	31%	56%
Medium	-	-	9%	29%	63%
Small	1%	1%	9%	20%	69%
Total	1%	2%	8%	22%	67%

Availability of written guidance on complaint handling to the public

Overall, most organisations confirm that written guidance on complaint handling is available to the public, with 76% doing this consistently and 15% most of the time. Big organisations rate their observance somewhat lower than organisations of other sizes.

Guidance can be found in FSGs, on tax invoices, in privacy statements, in claims denial letters, on complaints and dispute forms and on websites. Some Code Subscribers also state that they have a separate complaints brochure for their clients, or use FOS brochures⁷.

Clear steps for making a complaint

Overall, most of the organisations confirm that their IDR procedures include clear steps for making a complaint. This is achieved consistently (70%) or most of the time (22%) by most organisations. Big and small organisations are most likely to acknowledge room for improvement on this measure.

Some Code Subscribers comment that steps could perhaps be documented more clearly:



“Information on how to lodge a complaint given on invoices, in FSG. Further information given once complaint lodged. Procedures could perhaps be better documented for clients’ reference.”

“The company has no formal guidance procedures available for members of the public, from our complaints policy and procedures manual we would formulate the necessary information.”

Others report that its guidance was clear as it was drafted by their legal department which confirm that they are clear and compliant from a legal perspective.

Availability of written guidance on complaint handling to staff

Overall, organisations are even more likely to make written guidance on complaint handling available to staff than to customers. This information is available consistently for staff in 80% of organisations and most of the time for a further 14%. Information is provided to staff in

⁷ See <http://www.fos.org.au/consumers/brochures/>

complaints policy and procedures manuals, team handbooks, desktop dispute resolution templates, intranets, staff and management level procedures, client service manuals and training material.

Some small organisations report that staff only seldom (2%) or sometimes (1%) have access to written complaints guidance. Given the relatively small size of these organisations, no formal procedures are in place, but issues are discussed in weekly team meetings with any issues promptly brought to the attention of the director and resolved as soon as possible.

Responsibilities for individual staff

Organisations also report that complaints handling responsibilities for staff at every level are set out clearly, with 67% doing this consistently and 22% most of the time. Code Subscribers report that their complaints handling procedures set out requirements and responsibilities for staff and management, differentiating between minor and more complex complaints and the amount of money involved in the complaint.

Development of IDR procedures

Overall, organisations report a good involvement of managers, staff and clients in developing complaint procedures, with 51% doing this consistently and 23% most of the time. Large organisations are more likely to report that managers, staff and clients are only seldom (11%) or sometimes (6%) involved. They advise that clients are not directly involved and given the number of staff, development is mainly undertaken by management. Many Code Subscribers comment that clients are not involved in the IDR procedure development processes. Other Code Subscribers describe that they seek input from a range of sources:



“Our complaints policy and procedures manual states “When you see an opportunity to improve a procedure kindly make the suggestion known to your manager/supervisor as we all have a responsibility to improve our standards, individually and as a Company.”

“Feedback from clients is sought in the development of the procedures.”

“Key stakeholders provide input to this policy and procedure.”

“We observe FOS requirements and take guidance from external advisers.”

“The complaints policy & procedures manual is not set in concrete and everyone is encouraged to be involved in our company processes.”

Review of IDR procedures

Overall, organisations report that IDR procedures are regularly reviewed and improved, with 61% achieving this consistently and 26% achieving it most of the time.

Conclusions and recommendations

Overall, organisations have a good understanding of the importance of having written IDR procedures and setting out clear guidance to staff, management and clients. Areas for improvement vary for organisations of different sizes:

- Even small organisations benefit from simple written guidelines and procedures on complaints handling, which can be used as a reference point and benchmark of good industry practice.
- Big and large organisations should consider incorporating feedback from staff and clients to improve their IDR procedures. Any feedback should be reviewed for potential improvement of the existing IDR procedures.
- Complaints handling guidance should be provided to clients in writing, even if it uses existing resources and templates from other providers (see <http://www.accc.gov.au/consumers/complaints-problems>)

Responding to complaints

To respond effectively to complaints, Code Subscribers should act promptly and handle complaints objectively, fairly and confidentially. Where complaints are upheld, remedies should be provided, and there should be a system for review.

Responsiveness

Complaint management systems should allow employees to handle complaints quickly, and should include established timeframes for action that reflect the complexity of various types of problems. They should also allow employees to keep clients informed of the progress of their complaints throughout the process.

Organisations should deal with complaints as quickly as possible. Employees can frequently handle complaints immediately at the point of delivery without using formal complaint procedures. Where this is not possible, employees should give the complainant a single contact name, tell the complainant when they can expect a response, and keep them informed of the progress of their complaint. Where an organisation does not meet those timelines, it should also give the client an explanation.

Such information must be realistic. For example, employees could tell clients that the organisation meets its deadlines under normal circumstances, but that resource constraints, periods of heavy workload, and other special circumstances may affect service levels.

For employees who deal with complaints, organisations should provide regular training in techniques for handling complaints, and ensure that staff are aware of their individual responsibilities. This training could include instruction in negotiation and alternative dispute resolution skills, and in skills for dealing with difficult clients.

Table 6 details the responses received from Code Subscribers regarding the responsiveness of their IDR process.

Table 6: Responsiveness of IDR by organisation size

Size of organisation	Seldom observe	Observe sometimes	Observe most of the time	Consistently observe
<i>Do procedures allow employees to resolve complaints on the spot if possible, and to provide immediate redress, where appropriate?</i>				
Large	6%	-	-	78%
Big	-	-	14%	69%
Medium	-	-	11%	60%
Small	1%	-	2%	72%
Total	1%	-	5%	71%

Size of organisation	Seldom observe	Observe sometimes	Observe	Observe most of the time	Consistently observe
<i>If employees cannot deal with a complaint immediately, do the procedures set out further stages, including steps for conducting a full investigation and for providing a full final reply?</i>					
Large	-	-	-	22%	78%
Big	-	-	3%	28%	69%
Medium	-	-	6%	20%	74%
Small	-	-	4%	16%	80%
Total	-	-	4%	18%	78%
<i>Are there time limits for dealing with various types of complaints, and for each step in the procedure, such as acknowledgment, interim reply, and final reply?</i>					
Large	-	-	17%	11%	72%
Big	-	3%	6%	33%	58%
Medium	-	-	11%	26%	63%
Small	1%	1%	6%	19%	73%
Total	1%	1%	7%	21%	70%
<i>Does your organisation monitor time limits and review them regularly?</i>					
Large	6%	6%	6%	33%	50%
Big	3%	-	6%	39%	53%
Medium	-	3%	11%	20%	66%
Small	-	1%	6%	27%	65%
Total	1%	2%	6%	28%	63%
<i>Do employees keep complainants informed of the progress of their complaint?</i>					
Large	6%	6%	11%	17%	61%
Big	-	-	6%	33%	61%
Medium	3%	-	3%	23%	71%
Small	-	-	5%	18%	77%
Total	1%	1%	5%	20%	73%
<i>Are staff trained to handle complaints?</i>					
Large	6%	6%	17%	28%	44%
Big	3%	8%	14%	47%	28%
Medium	3%	9%	11%	17%	60%
Small	1%	2%	7%	30%	60%
Total	2%	4%	9%	30%	55%
<i>Are staff trained in interpersonal skills, including skills for dealing with abusive and threatening behaviour?</i>					
Large	11%	22%	33%	17%	17%
Big	17%	8%	36%	19%	19%
Medium	3%	17%	23%	20%	37%
Small	6%	4%	17%	28%	45%
Total	7%	7%	21%	25%	39%

Size of organisation	Seldom observe	Observe sometimes	Observe	Observe most of the time	Consistently observe
<i>Does the system allow employees to retrieve information about a complaint quickly?</i>					
Large	6%	-	11%	17%	67%
Big	3%	-	11%	28%	58%
Medium	3%	6%	9%	20%	63%
Small	-	2%	6%	16%	76%
Total	1%	2%	7%	18%	72%

Resolution of complaints on the spot

As per ASIC *Regulatory Guide 165.80*⁸, a complaint is an expression of dissatisfaction where a response is explicitly or implicitly expected and has not been resolved to the customer's satisfaction within five business days (except hardship cases where all instances are to be included).

The recently published *Insurance Brokers Code Compliance Committee Annual Review 2015–16* noted that 62% of insurance brokers confirm in their Annual Compliance Statement that they also record complaints that are resolved 'on the spot', exceeding the legislative reporting requirement to record complaints that are not resolved within five business days.⁹

Organisations report that their IDR procedures allow employees to resolve complaints on the spot, if possible, and to provide immediate redress. This is allowed consistently for 71% of organisations and most of the time for a further 23%.

Procedures for complaint escalation

Organisations are similarly diligent in setting out in IDR procedures the further steps to be taken if a complaint cannot be dealt with on the spot, including steps for conducting a full investigation and for providing a full final reply. 78% of organisations state this occurred consistently while 18% state it occurred most of the time.

Time limits

IDR procedures include time limits for dealing with various types of complaints, and for each step in the procedure, such as acknowledgment, interim reply, and final reply. This is achieved consistently by 70% of organisations and most of the time by an additional 21%.

⁸ See <http://download.asic.gov.au/media/3285121/rg165-published-2-july-2015.pdf>, page 20

⁹ See <http://www.fos.org.au/custom/files/docs/insurance-brokers-code-compliance-committee-annual-review-201516.pdf>, page 18

In comments, Code Subscribers elaborate on typical timeframes:



“All complaints must be acknowledged within 5 days of the complaint being received. A formal full response is provided to the complainant within 21 days of the initial complaint.”

“Broker to contact complainant within 24 hours. If not resolved within 14 days then escalate to Legal, Risk & Compliance (LRC). LRC to contact client within 24 hours; LRC have 21 days to fully investigate complaint and advise complainant of outcome. If not resolved LRC to provide complainant with FOS details again.”

Monitoring and review of time limits

While Code Subscribers almost all have time limits in place, regular monitoring and review of these limits is slightly less widespread. Even so, 63% of organisations achieve this consistently; 28% do so most of the time. Review approaches include discussions at team meetings, checks for compliance with ASIC and FOS limits, and checks during the course of a complaint and as part of the annual compliance review.

Keeping clients informed

Organisations report that they consistently (73%) or most of the time (20%) keep clients informed of the progress of their complaints. This is usually done by the Complaints Manager in consultation with appropriate personnel including the Claims Manager and/or Managing Director. Large organisations assess their performance on this measure as below that of other respondent organisations indicating that improvement may be necessary.

Code Subscribers comment that each step of the process is communicated in writing to the client so there is clear visibility of the progress of the complaint and the relevant time frames applicable. As more commonly used communication channels are telephone and email, a paperless system allows for diary notes to be prompted via 'to do' lists that are monitored by the relevant staff. Complaint and dispute progress reports are also part of monthly compliance reporting procedures.

Staff training in complaints handling

Organisations consistently (55%) and most of the time (30%) train staff in complaints handling. Amongst medium, big and large organisations, just over one in ten report that staff only seldom or sometimes have training in complaints handling. This is due to the fact that bigger organisation have dedicated staff for complaints handling and regular staff are not directly involved.

Code Subscribers comment that staff are trained in handling complaints, however, where they are unable to deal with the complaint themselves, they are to notify the Complaints Manager. All employees are given complaints training as part of their employee induction.

Other Code Subscribers note that although no formal, regular training is undertaken, staff are kept aware of the importance of the complaint procedure via monthly staff meetings.

Dealing with abusive and threatening behaviour

Interestingly, small organisations are more likely than larger ones to report that staff are trained in interpersonal skills, including skills for dealing with abusive and threatening behaviour. Large organisations do this only seldom (11%) or sometimes (22%). This might again be due to the fact that larger organisations have dedicated complaints departments, whereas in smaller organisations all staff might be exposed to abusive and threatening behaviour by clients.

Quick access to complaint information

Organisations report no issues with employees being able to access complaint information quickly, with 72% observing it consistently and 18% most of the time.

Conclusions and recommendations

All organisations follow good industry practice in regard to responsive complaint handling. Staff may be better supported to handle complaints with regular training in both complaints handling and interpersonal skills, including dealing with abusive and threatening behaviour.

- Regardless of the size of the organisation, ensure that all staff receive regular training in basic complaints handling skills, even if they are not directly involved in the complaints handling area.
- Provide staff involved in the complaints handling area with support to deal with all different kind of complaints. This should include processes to deal with abusive and threatening behaviour with debrief support and follow-up counselling.

Fairness

Complaint management systems should ensure that investigations are comprehensive. If staff cannot resolve complaints immediately, they should analyse them more fully. Line managers should handle most complaints to ensure responsibility and accountability. Procedures should allow for independent review within the organisation when a serious (but not criminal) complaint involves an employee. Departments should use existing, formal procedures to deal with problems such as harassment and criminal or corrupt conduct.

Organisations should deal fairly with both clients and employees involved in a complaint. Clients should be told about the various stages of the complaint system. Clients should be reasonably satisfied that the organisation has investigated their concerns fully and fairly, even if their complaint is not resolved to their satisfaction.

Table 7 details the responses received from Code Subscribers regarding the fairness of their IDR process.

Table 7: Fairness of IDR by organisation size

Size of organisation	Seldom observe	Observe sometimes	Observe	Observe most of the time	Consistently observe
Has your organisation ensured that all complaints are investigated fully and fairly, from the point of view of both complainants and employees?					
Large	-	-	-	11%	79%
Big	-	-	3%	19%	78%
Medium	-	3%	3%	20%	74%
Small	-	-	1%	18%	81%
Total	-	-	2%	18%	80%
Has your organisation provided for independent review within your organisation for major complaints directed at employees?					
Large	6%	-	6%	28%	61%
Big	14%	3%	8%	25%	50%
Medium	9%	3%	14%	11%	63%
Small	8%	3%	12%	17%	60%
Total	8%	3%	12%	18%	59%
Does your organisation deal with all complaints equally, regardless of the status of the person who complains or who receives the complaint?					
Large	-	-	6%	-	94%
Big	-	-	3%	11%	86%
Medium	-	-	-	14%	86%
Small	-	-	1%	11%	88%
Total	-	-	1%	11%	88%
Are there mediation and adjudication procedures that dissatisfied clients can use?					
Large	6%	17%	17%	11%	50%
Big	6%	3%	8%	17%	67%
Medium	-	3%	6%	14%	77%
Small	4%	1%	5%	18%	73%
Total	4%	2%	6%	17%	71%

Fair investigation

Nearly all organisations confirm that they ensure all complaints are investigated fully and fairly from the point of view of both complainants and employees, with 80% achieving this consistently and 18% most of the time.

Code Subscribers comment on the steps they take to ensure fairness:



“Before any complaint is finalised, a finalisation email would be sent to both the client and the staff member giving them the opportunity to confirm if the complaint has been resolved to their satisfaction.”

“We need to ensure that the clients are satisfied with the outcome as well as our employees are aware of the outcome and supported with additional training where necessary.”

Independent review for major complaints

Organisations are less likely to report, however, that they have a system in place for independent review of major complaints against employees. 59% of organisations state such a system is in place consistently; while 18% state it is in place most of the time. Overall, 8% of organisations observe that such reviews are seldom undertaken, mainly as they have not received a major complaint involving employees in particular.

One Code Subscriber comments that external auditors review complaints and the complaints process as part of an annual review. Other Code Subscribers remark on ‘independence’ in the organisational context:



“Neither the Complaints Manager nor the Compliance Manager are active client facing brokers so we deem them to be independent reviewers of complaints.”

“This would be difficult as two of the three staff are directors. However as previously mentioned it is not in our interest to ‘whitewash’ any complaint as it would give a negative image to the business. We are all accountable equally.”

“We have the facility for clients to lodge a complaint with our HR Officer if they feel their complaint hasn't been received empathetically and actioned reasonably. This is not exactly independent, but the functions are independent and our HR Officer will objectively manage issues such as this.”

Equal handling of complaints

Nearly all organisations report that complaints are consistently (88%) or mostly (11%) treated equally, regardless of the status of the person who complains or who receives the complaint. This is acknowledged as a critical element of the IDR process. All clients are important regardless of the size of the business they bring in or the person the complaint is directed against.

Mediation and adjudication processes

A smaller proportion of organisations include mediation and adjudication in their IDR process consistently (71%) or most of the time (17%). FOS is seen as taking on the role of mediator and adjudicator, and this function has not been replicated as a major role of the IDR process. Clients who are dissatisfied with the outcome of the IDR process are directly referred to FOS for further assistance.

Conclusions and recommendations

While Code Subscribers have processes in place for full and fair complaint handling, there is room for improvement in the handling of complaints against individual employees and in the expansion of the IDR processes to include mediation and adjudication.

- Consider an independent review of IDR processes.
- Ensure that IDR processes include a monitoring and reporting process if a major complaint involves an individual employee (e.g. perhaps involve the HR department).
- Depending on the resources available, give your organisation every opportunity to resolve the complaint through your IDR process by including mediation and adjudication techniques.

Confidentiality

Complaint management systems should respect clients' desire for confidentiality. In the interests of clients and staff alike, financial or personal details should be kept confidential as far as possible. Complaint resolution mechanisms should also ensure that neither complainants nor employees involved in complaints are subject to discrimination or retaliation.

The *Privacy Act 1988* (Cth) is an Australian law which regulates the handling of personal information about individuals. This includes the collection, use, storage and disclosure of personal information, and access to and correction of that information. Complainants are not bound by this Act and may disclose any information they receive during the complaint process.

Table 8 details the responses received from Code Subscribers regarding the confidentiality of their IDR process.

Table 8: Confidentiality of IDR by organisation size

Size of organisation	Seldom observe	Observe sometimes	Observe	Observe most of the time	Consistently observe
<i>Do complainants know that the organisation will deal with their complaints in confidence?</i>					
Large	6%	-	-	17%	78%
Big	8%	-	3%	19%	69%
Medium	-	6%	-	11%	83%
Small	-	2%	2%	10%	85%
Total	1%	2%	2%	12%	83%
<i>Do employees know that they should treat complaints in confidence?</i>					
Large	-	-	-	17%	83%
Big	6%	-	6%	25%	64%
Medium	-	-	3%	11%	86%
Small	-	-	-	13%	86%
Total	1%	-	1%	15%	83%

Size of organisation	Seldom observe	Observe sometimes	Observe	Observe most of the time	Consistently observe
<i>Does the procedure make clear to employees that clients should not be treated adversely as a result of making a complaint?</i>					
Large	6%	6%	6%	6%	78%
Big	14%	-	6%	17%	64%
Medium	-	-	6%	17%	77%
Small	2%	-	2%	12%	84%
Total	3%	-	3%	13%	80%
<i>Are employees assured confidentiality?</i>					
Large	-	-	17%	-	83%
Big	6%	-	3%	14%	78%
Medium	3%	-	3%	14%	80%
Small	-	-	1%	12%	86%
Total	1%	-	2%	12%	84%
<i>Do employees know that they will not be treated adversely as a result of referring a client's complaint to the complaints process?</i>					
Large	-	-	6%	-	94%
Big	8%	-	-	19%	72%
Medium	3%	-	3%	14%	80%
Small	-	-	-	8%	92%
Total	1%	-	1%	9%	88%

Advising clients of confidentiality

Confidentiality and privacy is acknowledged as a high priority by most organisations. 83% report that clients consistently know that complaints will be dealt with in confidence. This awareness is imparted by embedding confidentiality in FSGs and Privacy Statements.

Staff awareness of confidentiality

Employees are also made aware of confidentiality requirements. Organisations state that this awareness was achieved consistently (83%) or most of the time (15%). Confidentiality requirements are communicated to staff in privacy policies, procedures and employment contracts.

Treatment of clients who lodge a complaint

Procedures make clear that clients should not be treated adversely as a result of making a complaint. This is observed consistently (80%) or most of the time (13%) by organisations.

Code Subscribers advise that this is a general understanding and expectation of staff rather than something specifically stated in IDR procedures – although it is reflected in some Code Subscribers' Codes of Conduct. All clients should always be treated fairly and with respect. Complaints should be seen as constructive criticism and a chance to improve services.

Employee's confidentiality

The assurance of employees' confidentiality is observed consistently (84%) and most of the time (12%) by organisations. Small organisations acknowledge that this is a challenge in a small office environment. Another challenge is that all staff have access to the complaint reporting system (electronic or otherwise), which might jeopardise the confidentiality of employees involved in a particular complaint.

One organisation also states that care is taken that employees are not disgraced or embarrassed. If a matter is serious it should be investigated and handled by the HR Officer in a procedural and confidential manner.

Treatment of employees who refer a client's complaint

A positive company culture of encouraging staff to refer a client's complaint to the IDR process is observed consistently by 88% of organisations and most of the time 9% of the organisations.

Employees are given the opportunity to provide context and their point of view in relation to a complaint against them. Organisations' own Codes of Conduct and Global Standards of Business Conduct provide that employees will not be treated adversely for raising complaints. Some organisations refer to this as their 'Whistleblower Policy'. It is also communicated to employees in training and meetings that they must escalate any complaints.

Conclusions and recommendations

Issues of confidentiality and privacy are well-covered by most organisations, with the exception of small companies where the confidentiality of which staff member is involved in a particular complaint might be jeopardised due to the size of the organisation and number of staff.

- Encourage a 'whistleblower policy' amongst staff to promote a culture of compliance, honesty and ethical behaviour.

Complaint outcomes

Complaint management systems should allow employees to respond effectively to complaints, and to provide redress when appropriate. Organisations should address complaints directly and, where appropriate, rectify the problem in order to improve service. Redress should be readily available, consistent and appropriate to the nature of the complaint. Organisations should apologise when appropriate, exercising due caution where potential liability for possible loss exists.

Table 9 details the responses received from Code Subscribers regarding the outcome of their IDR processes.

Table 9: Outcomes of IDR by organisation size

Size of organisation	Seldom observe	Observe sometimes	Observe	Observe most of the time	Consistently observe
Does the procedure guarantee a response to all complaints?					
Large	-	-	-	11%	89%
Big	-	3%	3%	17%	78%
Medium	-	-	-	11%	89%
Small	-	-	1%	12%	86%
Total	-	-	1%	12%	86%
Does your organisation ensure that it has fully addressed all the points in issue?					
Large	-	-	-	28%	72%
Big	-	3%	-	25%	72%
Medium	-	-	-	20%	80%
Small	-	-	-	18%	81%
Total	-	1%	-	20%	79%
Do responses explain to clients who are still dissatisfied that no further redress is available within the complaint system and, if appropriate, how they may pursue the issue?					
Large	-	-	-	28%	72%
Big	-	-	-	22%	78%
Medium	-	-	-	17%	83%
Small	-	-	3%	15%	81%
Total	-	-	2%	17%	81%
Is there clearly established redress for all types of complaints?					
Large	-	-	11%	22%	67%
Big	3%	-	8%	25%	64%
Medium	-	3%	3%	14%	80%
Small	1%	1%	9%	20%	70%
Total	1%	1%	8%	20%	70%
Does your organisation provide information about forms of redress?					
Large	-	6%	6%	28%	61%
Big	8%	-	-	31%	61%
Medium	6%	-	14%	14%	61%
Small	1%	4%	11%	16%	66%
Total	3%	3%	10%	18%	66%
Do employees express regret spontaneously, regardless of the nature of the complaint?					
Large	6%	6%	22%	44%	22%
Big	6%	3%	11%	44%	36%
Medium	3%	-	17%	31%	49%
Small	2%	2%	13%	30%	51%
Total	3%	2%	14%	33%	57%

Guaranteed response

Most organisations ensure consistently (86%) or most of the time (12%) that their IDR process guarantee a response to the complainant. A response will not always be provided in writing. For example, if a complaint is resolved in the same telephone call as it was received, a written response is not provided unless specifically requested. Some organisations state that a written response will only be provided if a complaint has not been resolved within five days.

Comprehensive consideration of all issues

Most organisations have IDR procedures that consistently (79%) or most of the time (20%) achieve a comprehensive consideration of all the relevant issues raised in a complaint. Code Subscribers comment that this was achieved through written complaint confirmation and resolutions:



“This is done by confirming in writing to the client to document the various issues and advise the information/resolution to ensure that we communicate to all points of the issue and gives the client the opportunity to raise anything that has been missed.”

“Would confirm any conversation regarding resolution in writing and ensure the complaint was fully addressed and all points raised.”

Response to dissatisfied clients

Consistently (81%) or most of the time (17%), organisations’ IDR responses explain to clients who are still dissatisfied how they may pursue the matter further. Clients are advised they have the right to refer the matter to FOS if the complaint cannot be resolved to their satisfaction within 45 business days. Clients are also referred to the insurer’s IDR process if the matter concerns the insurer.

Redress for all complaints

Most organisations have clearly established redress for all types of complaints consistently (70%) or most of the time (20%). Within large organisations, 11% acknowledge this as an area for review, with the need to establish ‘redress’ more clearly. The redress depends on the complaint and the facts and circumstances of each individual case. However, there are common types of redress such as assisting the client to negotiate with their insurer or making an offer to settle where appropriate.

Information about types of redress

Information about types of redress is provided by organisations consistently (66%), most of the time (18%) and depending on the situation (10%). Code Subscribers describe when and why this information is and is not provided:



“There is no “one shape fits all” redress for complaints and redress depends on the facts and circumstances of each individual complaint. It would be counter-productive to offer set redresses for complaints without investigating the complaint.”

“We provide information to those involved but obviously we attempt to ensure redress with individual employees is kept confidential. Having state that we do include information where appropriate as training for our in house workshops. Client and employee names are not shared as part of this process which is designed to improve employee skills in areas where we have experience issues.”

“This information is not provided anywhere, but would be provided to a client if a complaint got to this stage, and the redress would be determined based on the circumstances.”

Expression of regret

Only 47% of Code Subscribers state that employees consistently express regret spontaneously regardless of the nature of the complaint. Another 33% state this occurs most of the time.

Code Subscribers note, however, that expressions of ‘regret’ could compromise the insurance cover, so employees are instead trained to express ‘empathy’ – showing consideration for the client’s emotions and concerns and advising them of complaint procedures. All staff are advised to never admit liability, as this would breach the organisations’ own professional indemnity insurance.

Nevertheless, there are circumstances in which an expression of regret is appropriate and ensures the complaint process for the client is resolved in a more amicable manner. Employees may express regret that a client has seen cause to complain while taking care not to imply the company is at fault in a matter that is yet to be investigated. Complaints where a client is threatening or abusive are treated differently.

Guidelines cited from a complaints manual included:



“Listen carefully to the client when taking the complaint.”

“Confirm with the client the details you have taken.”

“Empathise with the client and be courteous.”

“Avoid laying blame or being defensive.”

“Avoid creating false expectations.”

“Always treat the client professionally and positively within the limits of your authority.”

Conclusions and recommendations

IDR process outcomes vary depending on the type of complaint and nature of complainant. However, all complaints should consistently follow the same key process.

- All complaints should receive a response in writing which clearly sets out that the matter has been considered, what the outcome was and what options there are if the clients remain unsatisfied. This should be done even if the complaint is resolved on the spot to avoid future misunderstanding and to keep a clear record of actions taken.

Accountability and learning

An effective IDR process has clear accountabilities for complaint handling. Complaints are recorded and this data is then used to stimulate organisational improvements.

Complaints are a positive form of feedback and a means of establishing better customer relations. They are a general invitation to seek feedback from the public with the intention of improving services. The message to the public will then be that the organisation values what they have to say, good or bad. The message to staff is that receiving complaints need not be a negative experience with management less concerned with apportioning blame but rather with using the feedback in a constructive manner to improve the customer experience.

Recording

Complaint management systems need to provide information to management so that services can be improved. Organisations can use both complaints and compliments to improve services and increase public satisfaction. Organisations should analyse trends in complaints and take appropriate action to remedy any identified shortcomings.

Table 10 details the responses received from Code Subscribers regarding the recording of their IDR process.

Table 10: Rating of Recording of IDR per size of organisation

Size of organisation	Seldom observe	Observe sometimes	Observe	Observe most of the time	Consistently observe
<i>Is there a system for recording complaints?</i>					
Large	-	-	-	17%	83%
Big	-	-	3%	11%	86%
Medium	-	-	3%	6%	91%
Small	-	-	2%	6%	91%
Total	-	-	2%	7%	90%
<i>Does your organisation monitor the recording system?</i>					
Large	-	-	-	17%	83%
Big	-	-	3%	8%	89%
Medium	-	-	-	9%	91%
Small	-	1%	4%	7%	88%
Total	-	1%	3%	8%	88%
<i>Is information about complaints and compliments regularly fed into central management information systems?</i>					
Large	6%	-	6%	17%	72%
Big	6%	-	8%	17%	69%
Medium	3%	3%	3%	11%	80%
Small	4%	3%	6%	14%	73%
Total	4%	3%	6%	14%	74%

Size of organisation	Seldom observe	Observe sometimes	Observe	Observe most of the time	Consistently observe
<i>Does your organisation use information about complaints to monitor services provided through contractors (either Agents or Authorised Representatives)?</i>					
Large	-	-	11%	22%	67%
Big	17%	-	3%	25%	56%
Medium	11%	9%	3%	17%	60%
Small	17%	3%	6%	14%	60%
Total	15%	3%	6%	16%	60%
<i>Are the complaints made about contractors compared and contrasted to those made about employees, to identify different trends or areas of concern?</i>					
Large	6%	-	33%	6%	56%
Big	19%	-	14%	19%	47%
Medium	14%	11%	6%	11%	57%
Small	18%	2%	10%	11%	59%
Total	17%	3%	11%	12%	57%
<i>How are complaints, feedback and redress issues circulated amongst all contractors; and how is training and education on these issues dealt with amongst this group?</i>					
Large	-	-	33%	33%	33%
Big	19%	3%	11%	28%	39%
Medium	17%	6%	9%	14%	54%
Small	17%	2%	9%	16%	56%
Total	16%	3%	10%	18%	53%
<i>Has your organisation set performance targets for handling complaints?</i>					
Large	17%	3%	11%	22%	44%
Big	31%	6%	17%	31%	17%
Medium	11%	9%	14%	26%	40%
Small	15%	3%	15%	17%	50%
Total	16%	4%	15%	20%	45%
<i>Does your organisation monitor client satisfaction with complaint and redress procedures?</i>					
Large	17%	-	33%	17%	33%
Big	14%	6%	28%	19%	33%
Medium	9%	9%	17%	29%	37%
Small	6%	5%	10%	21%	57%
Total	8%	5%	15%	21%	51%
<i>Does your organisation monitor the effectiveness of staff training in handling complaints?</i>					
Large	17%	11%	28%	22%	22%
Big	14%	6%	22%	25%	33%
Medium	6%	9%	17%	17%	51%
Small	5%	7%	9%	24%	55%
Total	7%	7%	13%	23%	50%

Size of organisation	Seldom observe	Observe sometimes	Observe	Observe most of the time	Consistently observe
<i>Do managers include information on the handling of complaints and compliments in their regular reviews of staff performance?</i>					
Large	6%	-	44%	17%	33%
Big	14%	8%	11%	33%	33%
Medium	3%	11%	11%	26%	49%
Small	7%	3%	9%	22%	59%
Total	7%	5%	11%	23%	53%

Recording of complaints

A large majority of organisations confirm that they have a system in place for recording complaints, either consistently (90%) or most of the time (7%). Complaints are recorded electronically, online or in a manual system. Each complaint has its own unique case file. Some organisations stated as they had never had a complaint, the system had not been tested in practice.

Monitoring of the recording system

Organisations also report that their complaints recording system is monitored consistently (88%) or most of the time (8%). Timeframes for monitoring vary from daily, weekly, monthly, quarterly to annually.

Feedback to central management information system

Organisations feed complaints information back to the central management information systems consistently (74%) and most of the time (14%). Results are reported in Risk Management Reports and Board Reports.

Code Subscribers comment on a variety of ways in which this is achieved:



“Information feeds into a Directors Risk Management Report and tabled at Board Meetings and audited by external and internal means.”

“Technically the Complaints Register is stored separately to our central management system, however the outcome of each complaint is communicated to the relevant staff member, department head and senior management so as to provide feedback to all stakeholders.”

“Not in detail but current complaints & compliments are discussed in monthly meetings as necessary.”

“The manager will acknowledge compliments from clients and circulate to all staff.”

Monitoring of services provided by third parties

Code Subscribers report being less likely to use complaints data to monitor third party service providers. 15% of organisations seldom use information about complaints to monitor services provided through contractors (such as Agents or Authorised Representatives). However, most companies in that category state that they do not use contractors or Authorised Representatives.

Comparison of complaint rate against staff and Authorised Representatives

Similarly, 17% of organisations seldom compare complaints about contractors and employees to identify trends or areas of concern – again because they do not use Authorised Representatives.

Where third parties are used, organisations confirm that complaints policies and procedures apply equally to all employees, contractors, Agents or Authorised Representatives. All complaints are reviewed to identify trends or areas of concern.

Feedback to contractors and Authorised Representatives

Organisations that use contractors and Authorised Representatives confirm that Authorised Representatives receive training and communications as do staff. Complaint training is also provided as part of professional development days and organisations undertake regular reviews of outsourcing agreements.

Performance targets

Only 45% of organisations consistently set performance targets for complaints handling, with a further 20% doing so most of the time. Where performance targets are set, most have to do with handling complaints within the legislated timeframes:



“Our complaints performance targets would be monitored by adhering to our timeframes which are outlined in our policies.”

“Not specifically, but we always do our best to resolve any complaint quickly and fairly, but always within the designated FOS agreed time frames.”

“Benchmarks are set during our annual Risk Management review.”

“Not so much performance ‘targets’ but rather minimum expectations.”

Some Code Subscribers comment that such targets are not required due to size:



“No, as we have very few complaints that warrant performance targets.”

“The size of our entity does not require such target setting. If we lose clients through not adequately handling complaints, then we lose business. So, all complaints are approached as serious and treated accordingly.”

Monitoring client satisfaction

Around half (51%) of the organisations state that they consistently monitor client satisfaction with IDR processes; 21% do so most of the time. Some Code Subscribers comment that they send client surveys to monitor satisfaction, while others periodically or informally review client satisfaction. On an individual basis, organisations seek immediate feedback from clients to ensure that they are happy with redress options if these are available or justified. 8% of organisations seldom seek such feedback, and comment that there was no process in place.

Monitoring of effectiveness of staff training

Many organisations monitor the effectiveness of staff training in complaints handling, either consistently (50%) or most of the time (23%).

One Code Subscriber commented that any training issues were considered in regular reviews of complaints:



“All complaints are tabled at the quarterly Risk and Compliance Committee meetings and any issues regarding training are monitored and assessed at this meeting.”

Others comment that there was no specific monitoring outside of standard staff performance monitoring arrangements:



“Staff training is monitored dependent on staff performance as a whole and is not confined to complaints.”
“On job monitoring only.”

Complaints handling included in review of staff performance

Responses are similar on the question of whether managers include information on the handling of complaints and compliments in regular reviews of staff performance. This is done consistently by 53% and most of the time by 23% of organisations. Due to the low number of complaints received, organisations note that complaint data does not regularly form part of the staff performance and review process. However, if an issue were to arise it would be addressed with the relevant staff member.

Conclusions and recommendations

Most organisations have well-developed recording and monitoring systems in place. Where organisations engage with contractors and Authorised Representatives, these should be included in the IDR process. Performance targets mainly deal with timeframes for handling complaints.

Where complaints have been made, data on them is fed back to management and risk compliance areas, as well as staff training. Client overall satisfaction rather than complaint-specific satisfaction is monitored.

- Ensure that all third parties (such as contractors, loss assessors, loss adjusters, Authorised Representatives) are aware of and trained in IDR procedures.
- Include criteria other than timelines in IDR process benchmarks or performance targets (such as how many clients remain with the same insurance broker following a complaint).

Feedback

Learning the lessons from complaints is important, as is demonstrating this learning. A positive outcome or improvement in service resulting from handling complaints may boost public confidence in insurance brokers' services and programs in the long term. It is therefore important to publicly report on complaints analysis and to show where this has led to improvements.

Table 11 details the responses received from Code Subscribers regarding the reporting of their IDR process.

Table 11: Reporting of IDR by organisation size

Size of organisation	Seldom observe	Observe sometimes	Observe	Observe most of the time	Consistently observe
<i>Has your organisation made service improvements after analysing problems highlighted by complaints?</i>					
Large	11%	-	11%	44%	33%
Big	6%	3%	19%	33%	39%
Medium	3%	3%	3%	26%	66%
Small	2%	1%	9%	23%	64%
Total	3%	1%	10%	26%	60%
<i>Does your organisation publish information about complaints and their resolution, and make that information available to clients?</i>					
Large	50%	11%	17%	11%	11%
Big	56%	17%	11%	6%	11%
Medium	54%	6%	9%	9%	23%
Small	47%	10%	9%	9%	25%
Total	49%	11%	9%	8%	22%

Service improvements

60% of organisations consistently make service improvements after analysing problems highlighted by complaints, while 26% do so most of the time. In general, complaints are acknowledged as constructive criticism and as opportunities to improve business.

Code Subscribers comment that they seek to anticipate and prevent complaints and to improve processes based on those that are received:



“We are acutely aware of the issues that concern our clients and are always looking to proactively address them – predominantly to avoid having a complaint arise in the first place. Upcoming changes and possible pitfalls are discussed in our team meetings to ensure that we offer the best service to our clients.”

“We always look at what caused a complaint and how they can be overcome for the future. Whether this means changing a procedure, providing training, etc.”

“Various over the years – continuous improvement methodology.”

“Yes, improvements in processes to ensure efficiencies and to provide additional backup checking procedures in certain areas to ensure no issues. This has resulted [in] less complaints and breaches.”

“We have identified that communication is the core to most complaints. We share these learnings with our team in the rare event of a complaint being made.”

Publication of complaint information

A high proportion of organisations (50%) report that they seldom publish information about complaints and outcomes. Code Subscribers comment that records are kept for internal use only to maintain privacy and confidentiality and because sometimes complaint information is sensitive.

Conclusions and recommendations

Organisations benefit from complaints data, using it to review and improve their business processes and training areas. Education of staff in this area is a major objective and needs to be improved industry-wide. For privacy reasons, however, complaint information is not published.

- Use complaints and compliments on a de-identified and de-sensitised basis to promote your business.
- Use case studies as a tool for analysis and discussion.

Appendix 1: Online questionnaire

Accessibility

1. Does your organisation provide information about how to complain and to whom complaints should be made, including a contact name/department, a phone number, email and an address? How is this information disseminated?
2. Has your organisation published its standards of service and made them available so that clients know what standards of service they may expect?
3. Can clients make complaints in a variety of ways - in person, in writing, by email, fax, and by telephone?
4. When necessary, has your organisation informed clients about ways that a relative or friend might help with a complaint if clients have difficulty expressing themselves (either due to physical or mental impairment, or language barriers, etc.)?
5. Does your organisation have designated staff to help clients formulate and pursue their complaints?
6. Are there suitable arrangements to allow clients with disabilities to complain?
7. Are there suitable arrangements and instructions available to allow non-English speaking clients to make an enquiry or lodge a complaint?
8. Do employees know what to do when they receive a complaint?

Simplicity

9. Is written guidance on complaint resolution procedures available for members of the public? Attach the guidance currently provided to clients.
10. Is written guidance on complaint resolution procedures available for staff? Attach the guidance currently provided to staff.
11. Are the steps of the procedure set out clearly so that clients making complaints know what to do next?
12. Are managers, staff, and clients involved in developing complaint procedures?
13. Does your organisation review these procedures regularly, and where appropriate, seek to improve them?
14. Do the procedures set out clear responsibilities for individual staff members at every level?

Responsiveness

15. Do procedures allow employees to resolve complaints on the spot if possible, and to provide immediate redress, where appropriate?
16. If employees cannot deal with a complaint immediately, do the procedures set out further stages, including steps for conducting a full investigation and for providing a full final reply?
17. Are there time limits for dealing with various types of complaints, and for each step in the procedure, such as acknowledgment, interim reply, and final reply?
18. Does your organisation monitor time limits and review them regularly?
19. Do employees keep complainants informed of the progress of their complaint?
20. Are staff trained to handle complaints?
21. Are staff trained in interpersonal skills, including skills for dealing with abusive and threatening behaviour?
22. Does the system allow employees to retrieve information about a complaint quickly?

Fairness

23. Has your organisation ensured that all complaints are investigated fully and fairly, from the point of view of both complainants and employees?
24. Has your organisation provided for independent review within your organisation for major complaints directed at employees?
25. Does your organisation deal with all complaints equally, regardless of the status of the person who complains or who receives the complaint?
26. Are there mediation and adjudication procedures that dissatisfied clients can use?

Confidentiality

27. Do complainants know that the organisation will deal with their complaints in confidence?
28. Do employees know that they should treat complaints in confidence?
29. Does the procedure make clear to employees that clients should not be treated adversely as a result of making a complaint?
30. Are employees assured confidentiality?

31. Do employees know that they will not be treated adversely as a result of referring a client's complaint to the complaints process?

Outcome

32. Does the procedure guarantee a response to all complaints?

33. Does your organisation ensure that it has fully addressed all the points in issue?

34. Do responses explain to clients who are still dissatisfied that no further redress is available within the complaint system and, if appropriate, how they may pursue the issue?

35. Is there clearly established redress for all types of complaints?

36. Does your organisation provide information about forms of redress?

37. Do employees express regret spontaneously, regardless of the nature of the complaint?

Recording

38. Is there a system for recording complaints?

39. Does your organisation monitor the recording system?

40. Is information about complaints and compliments regularly fed into central management information systems?

41. Does your organisation use information about complaints to monitor services provided through contractors? (such as Agents or Authorised Representatives)?

42. Are the complaints made about contractors compared and contrasted to those made about employees, to identify different trends or areas of concern?

43. How are complaints, feedback and redress issues circulated amongst all contractors; and how is training and education on these issues dealt with amongst this group?

44. Has your organisation set performance targets for handling complaints?

45. Does your organisation monitor client satisfaction with complaint and redress procedures?

46. Does your organisation monitor the effectiveness of staff training in handling complaints?

47. Do managers include information on the handling of complaints and compliments in their regular reviews of staff performance?

Reporting back

48. Has your organisation made service improvements after analysing problems highlighted by complaints?
49. Does your organisation publish information about complaints and their resolution, and make that information available to clients?

Time taken to complete survey

50. How long did it take to gather the data necessary to complete the survey?
51. How long did it take to complete the survey using the online portal?

Appendix 2: Recommendations

Accessibility

- Utilise readily available resources to deal with clients who need assistance due to a disability or language barrier.
- Use IDR processing standards to achieve best business practice not just compliance with Australian Standard AS ISO10002-2006.
- Ensure ongoing staff training in complaints handling, using team meetings to embed best business practice and a culture of effective complaints handling.

Simplicity

- Even small organisations benefit from simple written guidelines and procedures on complaints handling, which can be used as a reference point and benchmark of good industry practice.
- Big and large organisations should consider incorporating feedback from staff and clients to improve their IDR procedures. Any feedback should be reviewed for potential improvement of the existing IDR procedures.
- Complaints handling guidance should be provided to clients in writing, even if it uses existing resources and templates from other providers (see <http://www.accc.gov.au/consumers/complaints-problems>)

Responsiveness

- Regardless of the size of the organisation, ensure that all staff receive regular training in basic complaints handling skills, even if they are not directly involved in the complaints handling area.
- Provide staff involved in the complaints handling area with support to deal with all different kind of complaints. This should include processes to deal with abusive and threatening behaviour with debrief support and follow-up counselling.

Fairness

- Consider an independent review of IDR processes.
- Ensure that IDR processes include a monitoring and reporting process if a major complaint involves an individual employee (e.g. perhaps involve the HR department).
- Depending on the resources available, give your organisation every opportunity to resolve the complaint through your IDR process by including mediation and adjudication techniques.

Confidentiality

- Encourage a 'whistleblower policy' amongst staff to promote a culture of compliance, honesty and ethical behavior.

Complaint outcomes

- All complaints should receive a response in writing which clearly sets out that the matter has been considered, what the outcome was and what options there are if the clients remain unsatisfied. This should be done even if the complaint is resolved on the spot to avoid future misunderstanding and to keep a clear record of actions taken.

Recording

- Ensure that all third parties (such as contractors, loss assessors, loss adjusters, Authorised Representatives) are aware of and trained in IDR procedures.
- Include criteria other than timelines in IDR process benchmarks or performance targets (e.g. How many clients remain with the same insurance broker following a complaint).

Feedback

- Use complaints and compliments on a de-identified and de-sensitised basis to promote your business.
- Use case studies as a tool for analysis and discussion.