



Why is a good internal complaint process important?

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As well as being a compliance requirement for most financial service providers, a good quality complaints handling process is an essential part of good business. It provides a means of reducing costs by minimising the chances of a complaint escalating to an External Dispute Resolution (EDR) scheme or a Court. It is also a recognised way of obtaining valuable information that can be used to improve business operations as well as increasing customer satisfaction levels.

A poorly handled complaint can bring a number of negative results. These include:

- Damage to your brand or reputation – statistics show that 95% of people who have a bad complaint experience will tell others about their experience.
- High costs if the complaint escalates to an external dispute resolution scheme or a Court.
- Loss of business if your competitor has a good complaint process
- Grounds for a FMA investigation

On the other hand, a good internal complaint process can have many benefits including:

- Brand or reputation enhancement – statistics show that 97% of people who have a good complaint experience will tell others. In other words when you handle a complaint well your customer will become an advocate for your organisation.
- Complaint costs will be minimised. Again statistics show that the early resolution of a complaint substantially reduces costs and in fact often increases business as the customer values your product and/or service.
- Happier customers. A test of the faith your client has placed in your services or your organisation.

- Business improvement resource. One of the often underappreciated benefits of having a good internal complaint process is that if it is run properly it will provide quality data about your business that can be used to improve your services and products and it is obtained for free!

What is meant by this is if you have a good complaint system in place that is highly visible and easy to use your customers will feel comfortable and confident in making a complaint to you.

Whilst this may sound a bit frightening – i.e. you want people to complain about you! – you want your customer to complain to YOU and not their friends otherwise you cannot fix the problem and maintain your good reputation. If you make it hard to complain you won't know about your customer's dissatisfaction.

The good news is that the information you can obtain from your customer's complaints – regardless of how minor they are – can be used to improve your business and give you a marketing edge without the need to engage in a costly client survey.

How can IDS help?

IDS can offer a range of complaint handling services including:

- Reviewing your existing internal complaint process and providing bespoke solutions to any deficiencies
- Building you an internal complaint process specific to your business needs including capturing complaint data for business improvements
- Taking care of all your complaint needs by becoming your internal complaint process
- Providing early complaint response guidance to minimise complaint escalation
- Drafting responses to complaints at the internal complaint stage or in cases of complaint escalation to your dispute resolution scheme
- Providing workshops in complaint handling process and skills
- Formal and independent mediation