



Foreword

As a leading provider of ombudsman services in the UK, we have seen our remit grow.

As we predicted when we published the Consumer Action Monitor (CAM) for the first time last year, 2014 was an extremely busy year for consumer rights.

There was plenty of good news, not least the efforts made by the Department for Business, Innovation and Skills to begin to bring ombudsmen to more sectors, in line with the recent European Directive on Alternative Dispute Resolution (ADR). Eventually this will bring strong, independent redress schemes to businesses that have never had them before, at little or no cost to consumers.

Politicians from both sides of Parliament continue to steer through the Consumer Rights Bill and the transposition of the ADR Directive. This legislation will bring the customer experience into the 21st century,

“Technology is having a major effect on how we complain and what we complain about”

with alternative redress at its heart. It will be an absolutely vital part of our evolving system of civil justice.

As the leading multi-sector provider of ombudsman services in the UK, we have also seen our remit grow as we help serve these new sectors. This year alone, we have begun operating schemes for businesses as diverse as Which? Trusted Traders and vets. And as consumers become more aware of their rights, they are also increasingly likely to come to us, as CAM clearly demonstrates.

In the energy sector, where we operate as the sole ombudsman, we have also seen the regulator and energy companies make a big effort to improve poor customer experience. There is no doubt that a lot remains to be done.

However, this has done little to stem the flow of complaints that are escalated to the ombudsman, which suggests a lot remains to be done if trust in the sector is to be rebuilt. Nevertheless it's encouraging that more customers are becoming aware of our service – which isn't necessarily a bad thing!

As this is our second Consumer Action Monitor, it gives us the chance to look at evolving trends in consumer behaviour. There is no doubt that technology is having a major effect on how we complain and what we complain about. These are trends that we are keeping a close eye on.

We hope that this study will inform the ongoing debate about consumer rights, which is likely to be one of the key issues of the next decade and is certain to play an important role in general election campaigning.

Lewis Shand Smith
Chief Ombudsman

Methodology

- The 2015 Consumer Action Monitor is the second annual report of its kind produced by Ombudsman Services.
- Research was commissioned by Ombudsman Services and carried out by ICM Research between 16th - 18th January 2015.

METHODOLOGY

Online omnibus: nationally representative sample of adults aged 18+

NUMBER OF INTERVIEWS

n = 2,050

COVERAGE OF FIELDWORK

Great Britain, with quotas by gender, age, region, social grade, work status and tenure

FIELDWORK DATES

16th - 18th January 2015

- Certain extrapolations have been made based on the findings in order to estimate the numbers of complaints that have taken place nationally, regionally and within particular industry sectors. These extrapolations, made by ICM are based on an ONS audited GB adult population figure of 47,350,000.

Executive summary



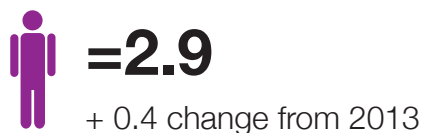
...million complaints about products or services in 2014

The key findings of the Consumer Action Monitor are:

- There were a total of 66 million complaints about products or services in 2014, almost double the number recorded in 2013 (38 million).
- Consumers' appetite to complain about products and services has grown over the last 12 months.
 - Almost half (47%) of Brits took action when they had a problem with a product or service compared to just 34% during the previous year.
 - The number of complaints made equates to 1.4 per person living in Britain.
- The most common sectors for complaints were retail (28%), telecoms (15%), energy (11%) and banking / finance (7%).
- Despite the increasing appetite to complain, millions of Britons still choose to suffer in silence.
 - 71 million problems were not acted upon at all.
 - Of the 2.9 problems per person living in the UK, 1.5 are not acted upon.
 - One in five people (9%) who did not activate their complaint feel the legal process is daunting.
- Cynicism about companies may well be driving consumers' willingness to complain more.
 - One third (33%) believe big businesses are only interested in money.
 - Almost half (43%) believe complaining is 'not worth the hassle', up from just 25% last year.
 - More than one in five (21%) don't have the confidence that complaining will get the result they desire.
- Ombudsmen have become the most popular third party for consumer complaints.
 - Of those that escalated a complaint to a third party a third (35%) went to an ombudsman.
- Consumers are also increasingly likely to use social media to get a complaint or problem addressed.
 - Of those that escalated a complaint, one in five (31%) used social media to do so.

The complaints landscape

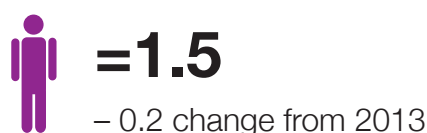
Average number of conceived complaints per person



Average number of active complaints per person



Average number of complaints not acted on per person



We won't put up with poor service

More than three quarters (80%) say they are unlikely to put up with poor service without taking action, compared to 67% last year.

People's willingness to take action against a product or service provider when things go wrong compared to 12 months ago:

MORE LIKELY

30% more likely
to complain about
poor service

NO DIFFERENCE

63% no difference
to complain about
poor service

LESS LIKELY

2% less likely
to complain about
poor service

Complaints by sector

The number of active complaints varies by sector with a heavy bias towards 'grudge purchases' such as energy, broadband and mobile telecoms and public transport. However, it's retailers that attract the highest number of grievances, accounting for a third (28%) of all the complaints recorded. The growth of online-only stores has driven this surge in complaints, with 9.2 million complaints about internet retail alone.

Telecoms (mobile, internet and television services) was the second most complained about sector, followed closely by the energy sector, as customer inertia and dissatisfaction surrounding price rises and billing transparency continue to take effect.

A comparison with last year's figures does show a big fall in the proportion of active complaints in the energy sector (17% to 11%). This is no reason for complacency as cases escalated to Ombudsman Services: Energy have increased.

In 2014 alone, we handled 52,300 cases, nearly three times the number we dealt with in 2013. This is not all bad news, as we believe it indicates much greater awareness of the ombudsman, although there is no doubt that there are some serious service problems in the sector, particularly around billing transparency and the ability to switch.

Retail 28% complaints



Telecoms 15% complaints



Energy 11% complaints



Banking/finance 7% complaints



Public transport 5% complaints



Leisure/tourism 3% complaints



Tradesmen 2% complaints



Property 1% complaints



Post 1% complaints

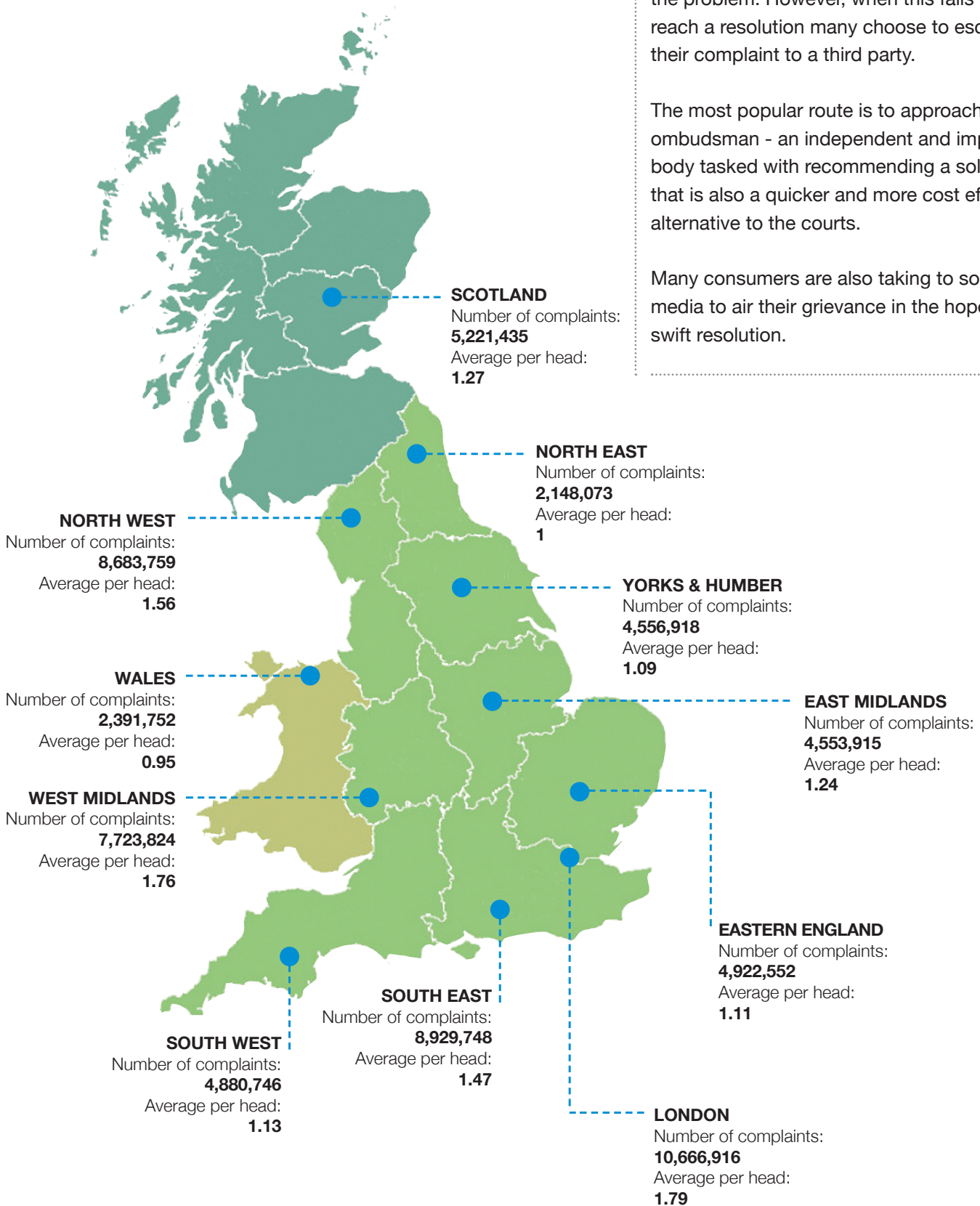


Professional services 1% complaints



Complaints by region

The number of customer complaints varies considerably by region and this is not just accounted for by differences in population size.



Where people go to complain

Most consumers take their complaints directly to the company or supplier behind the problem. However, when this fails to reach a resolution many choose to escalate their complaint to a third party.


The most popular route is to approach an ombudsman - an independent and impartial body tasked with recommending a solution that is also a quicker and more cost effective alternative to the courts.


Many consumers are also taking to social media to air their grievance in the hope of swift resolution.

Which third party did you take your complaint to?


(base: All who complained to a third party)

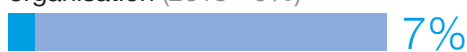
An ombudsman or government organisation

Ombudsman (2013 - 33%)
 35%


Other government organisation (2013 - 26%)
 24%


Media


Social Media (2013 - 27%)
 31%

Other government organisation (2013 - 9%)
 7%


Courts and mediation

Small claims court (2013 - 6%)
 18%

Mediation service (2013 - 6%)
 5%

Higher civil court (2013 - 3%)
 4%

Other

Other (2013 - 9%)
 8%

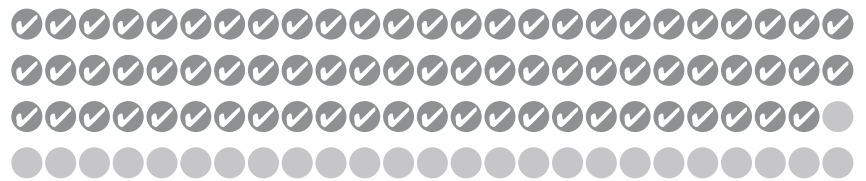
Don't remember (2013 - 8%)
 9%

Love not money

For most customers, simply having their problem fixed is the main aim of their complaint, but an increasing number of customers are simply seeking an apology rather than financial recompense.

What is the minimum reparation you would expect if you received poor service or a defective product?

Making the problem right 74% (2013 - 74%)



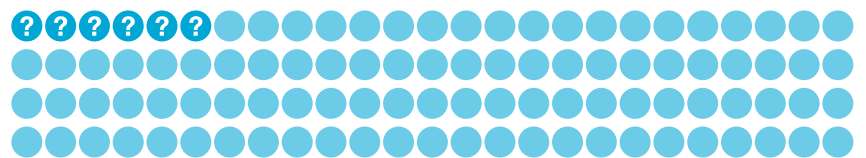
An apology 47% (2013 - 44%)



Financial compensation 32% (2013 - 27%)



Don't know 6% (2013 - 8%)



Barriers to complaining

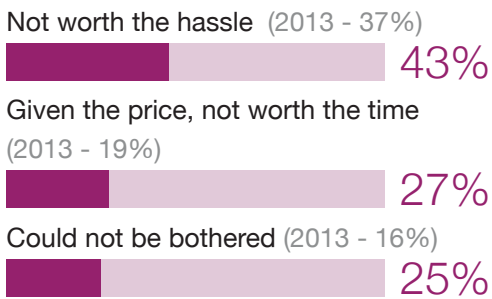
Despite this year's report revealing that customers are less willing than ever to put up with poor service or poor quality goods, there is still a large reluctance for some when it comes to taking action.

Approximately 71 million problems went unaddressed last year due to the perception that complaining is 'too much hassle' or won't result in a satisfactory conclusion.

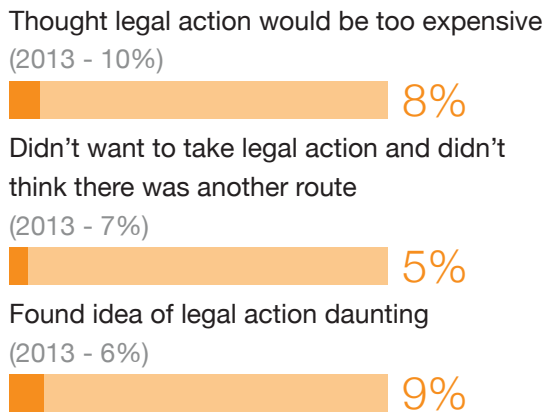
Biggest barriers to complaining

(base: All who had a complaint which they did not take to a supplier or third party)

Time and effort



Legal action



Other



Trust in big business and politics

The Consumer Action Monitor reveals that while there is still a lot to be done to improve trust between consumers and businesses, as well as between consumers and politicians, there have been small improvements since last year's report.

Perceptions about the impartiality of the legal system have experienced the most marked improvements with a third of people now believing it favours big business, falling from 39% last year.

Fewer consumers are sceptical of the value of complaining with just one in five believing raising a complaint won't get them the result they are seeking.

I don't have confidence that if I complain about most products or services, I will get what I am looking for

Companies' default position is not to help you if you have a problem with a product or a service

I don't believe that an ombudsman can be truly independent of business

I would never consider mediation, it's not something that ordinary consumers get involved in

I don't have confidence that if I complain about most products or services, I will get the result I'm looking for (2013 - 24%)

21%

Companies' default position is not to help you if you have a problem with a product or service (2013 - 18%)

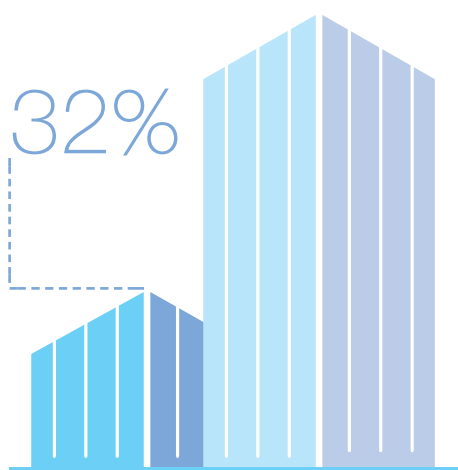
17%

I don't believe than an ombudsman can be truly independent of business (2013 - 10%)

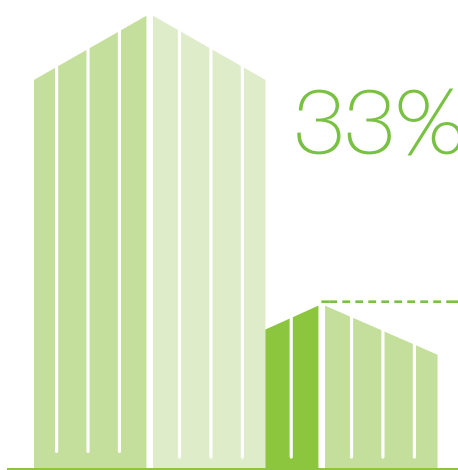
9%

I would never consider mediation; it's not something that ordinary consumers get involved in (2013 - 10%)

8%



The legal system favours big companies
(2013 - 39%)



Big businesses are only interested in taking your money - if something goes wrong with a product or service, they don't care about you
(2013 - 36%)

34% say that politicians are not doing enough regards **consumer rights**

Politicians don't care enough about consumer rights
(2013 - 33%)

A well-handled complaint can be good for a brand

While many consumers remain wary of big businesses, they are also willing to exercise forgiveness if a company can rectify the situation. Consumers also increasingly recognise the value of having access to an alternative route of resolution.

- Half of consumers (49%) think more highly of a business that handles complaints efficiently.
- 44% of consumers would feel more confident in a company that offered access to a dispute resolution service, such as an ombudsman service, to handle complaints.
- One in five (20%) of consumers would be more likely to buy a product or service from a company outside the UK if they had a dispute resolution service, such as an ombudsman, to handle complaints.

For further information, including data breakdowns, please contact:

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About Ombudsman Services

- Ombudsman Services is a not for profit, private company limited by guarantee.
- Ombudsman Services runs national, private sector ombudsman schemes which provides independent dispute resolution for the communications, energy, property, copyright licensing sectors, the Green Deal, the ABFA, Reallymoving.com and Which? Trusted Traders scheme.
- Ombudsman Services provides an expert dispute resolution service. The service focuses on encouraging early agreed resolution wherever possible and does not charge a fee so it's able to offer access to redress for consumers to resolve their complaints without proceeding to the civil courts.
- Ombudsman Services is a full member of the Ombudsman Association (OA) and adheres to its principles.
- Further information about Ombudsman Services can be found at www.ombudsman-services.org
- Follow us on Twitter [@OmbudServices](https://twitter.com/OmbudServices)

Ombudsman Services

Good for consumers – Good for business

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Key Findings and Methodology