



## **APPG on Customer Service: Regulated sectors, the need for minimum service standards and a focus on driving down exclusion: The role of customer service.**

**Wednesday 29<sup>th</sup> November 2023**

**An in-person meeting, held in Room P, Portcullis House, Houses of Parliament**

In attendance:

- Baroness Stowell of Beeston, Acting Chair of the APPG (Conservative)
- Baroness Bennett of Manor Castle, Vice-Chair of the APPG (Green)
- Liz Twist MP, Vice-Chair of the APPG (Labour)
- The Rt. Hon. the Lord Whitty (Labour)
- Derek Thomas MP (Conservative, St Ives)
- Angus Brendan MacNeil MP (SNP, Na h-Eileanan an Iar)
- Lynn Parker, Senior Director for Enforcement and Customers – Ofwat
- Fergal Farragher, Consumer Protection Director – Ofcom
- Sue Lindsay, Director of Customer Policy, and Engagement – Wessex Water
- Sarah Montgomery, Head of Consumer Policy/Outcomes – FCA
- Dan Meredith, Senior Manager - Energy Policy & Public Affairs - E.ON
- Ramona Vlasiu, Chief Operating Officer – E.ON Next
- Richard Pash, UK Chief Customer Officer - Zurich Insurance Company Ltd
- Christopher Herbert, Director, Customer Service - Service Delivery – Openreach
- Jo Causon - CEO, Institute of Customer Service
- David Dagger – Director of Communications and Corporate Affairs, Institute of Customer Service
- Rachel McFaul – Head of Communications and Corporate Affairs, Institute of Customer Service
- Douglas Bruce-Watt - Hawthorn Advisors
- Oliver Hazell – Senior Account Director, Cavendish Consulting

### **Contributions from speakers and attendees**

#### **Baroness Stowell – Acting Chair of the APPG:**

- Opened the meeting. Wanted to know from attendees what minimum standards should look like for organisations and regulators involved in essential services.
- Noted that organisations can use excuses at times, given the current economic climate, to not deliver for customers.
- Explained that digitisation must be carefully used and that organisations looking to digital as a solution should ensure standards are maintained for customers.

#### **Jo Causon – CEO, Institute of Customer Service:**

- Noted that a focus on the UK being a service nation was key.
- Noted around 60% of the UK's workforce were in some form of customer facing or service role.
- Explained the UK Customer Service Index (UKCSI) had been running for around 14 years now.
- Noted that customer satisfaction was seeing a significant downward trajectory and had its largest fall since 2015.



- Did not see customer service as a move towards just providing minimum standards but was keen to continue working with members of the Institute and regulators to drive the service agenda in essential services.

Baroness Stowell opened the meeting for contributions from other external speakers.

**Sue Lindsay - Director of Customer Policy and Engagement, Wessex Water:**

- Noted service excellence was key.
- Noted that a basic level of service for all customers was key and that customers should not receive a different service from a provider dependent on the customer's geography in the country.
- Explained the need to drive down and remove exclusion of any type of customer.
- She noted Wessex Water wanted to meet the needs of their local customers and that the organisation wanted to go above and beyond just providing minimum standards of service.
- Noted that responding to complaints data and metrics such as CMEX can outdate easily.
- Said the industry was using measures of its own and other tools such as best practice registers.
- Liked Ofwat's license condition and noted that this leaves water companies free to innovate for customers to deliver better service. Reiterated positivity around this approach.
- Noted that tackling and helping vulnerable customers was key and that Ofwat's help was welcome on this point.
- Said that affordability and postcode lottery of tariffs must be continuously considered.

**Ramona Vlasiu - Chief Operating Officer, E.ON Next:**

- Said her organisation had a social tariff running for those most in need.
- Noted that minimum standards for the industry would be being introduced soon.
- Noted that the landscape of service delivery and of the cost of service had changed given the COVID-19 pandemic and that Ofgem were pushing companies to be cost efficient.
- Explained that the sector had been a loss-making sector, and that this year was the first year in a long time that profits were starting to be realised.
- Outlined the organisation's 24/7 operation and explained that targeted support for customers in need was key.
- Explained that support for vulnerable customers was important.
- Outlined that the top reason for people leaving the organisation as customers was based on the service that they had received.

**Christopher Herbert - Director, Customer Service - Service Delivery, Openreach:**

- Noted that the organisation was subject to regulated minimum standards of service.
- Explained the challenges in setting regulated minimum standards in his industry given not all homes were actually able to be fitted with fibre cables.
- A colleague of Christopher's noted that Openreach were looking to maximise customer outcomes to drive its service provision.

**Richard Pash - UK Chief Customer Officer, Zurich Insurance Company Ltd:**

- Noted that customers could become vulnerable at different points during their lives and that the terminology around vulnerability needed reconsidering.
- Said that Zurich talk about customer wellbeing rather than vulnerability or treating someone who is vulnerable.



**Baroness Stowell – Acting Chair of the APPG:**

- Asks regulators for their views. Wants their opinions particularly on the potential trade offs between service delivery and costs, as well as social tariff focusses in different industries.

**Lynn Parker - Senior Director for Enforcement and Customers, Ofwat:**

- Said the starting point for Ofwat was research and engagement with water companies around each company's response to customers when things went wrong.
- Noted the 'beast from the east' storm and that Ofwat had looked at how water companies had handled this with regard to affected customers.
- Said the key point for Ofwat was the communication between companies and their customers.
- Wanted to see different communications used for different customers as customers required.
- Explained that companies that didn't do enough, and don't do enough, are written to by Ofwat to make these companies provide better service.
- Noted that the right information getting to customers quickly was important.
- Wanted to see companies making easy for customers to contact organisations.
- Wanted companies to be responsive to customer's vulnerabilities when they arose but noted that some customers won't always feel, or know, that they're vulnerable.
- Said that companies must work with each other and share best practice.
- Said the new license condition was key and that further guidance was on the way to support this new condition.
- Explained enforcement of companies that do not adhere to the new license condition would come in 2024.

**Fergal Farragher - Consumer Protection Director, Ofcom:**

- Noted the ability of customers to have access to the internet and the communications provision the internet provided nowadays was vitally important.
- Outlined the rapidity of technology change today and that this was important context for the industry.
- Said that vulnerability could happen to anyone, at any time.
- Outlined that detailed guidance that Ofcom set out but that this guidance was outcomes based.
- Wanted to ensure that Ofcom was continuously talking to companies and helping them to improve their focus on outcomes.
- Noted Ofcom was using data to inform its next steps and to help companies to improve their service delivery to customers.
- Said that Ofcom do take enforcement action where they needed to, but that Ofcom were focussing on trying to prevent enforcement action and problems for company's customers before they happened.

**Sarah Montgomery - Head of Consumer Policy/Outcomes, FCA:**

- Noted that the relatively new FCA Consumer Duty was a duty of care requested by Government.
- Noted that the Consumer Duty had an outcomes-based approach for consumers and that it required firms to prioritise their consumers. Outlined the various priorities of the Duty. Noted how customer support should be given priority by firms, per the Duty.
- Explained that firms thinking about the whole consumer journey was important.
- Explained that the Duty had come into force at the end of July and that the FCA wanted to ensure firms were innovating to deliver high quality service to customers.



- Noted how firms must collect data, monitor this and act on it with a root cause analysis approach to improve service for consumers.
- Was keen to push best practice to improve the sector.

**Derek Thomas MP:**

- Noted that good service for all customers was needed.
- Noted a personal experience regarding an energy provider and costs error and that the issue was difficult for him to understand and that not all customers would be as understanding of the error that had occurred as he was and that he had been given the information by his energy provider in an email which not everyone reads and immediately understands.
- He urged that the onus should be on the company to communicate clearly with customers in the channel(s) best for the customer, not on the customer to have to work hard to spot errors from companies when they occur.

**Sarah Montgomery - Head of Consumer Policy/Outcomes, FCA:**

- Responded by noting that the Consumer Duty was in place exactly to prevent this problem from occurring in the retail banking/finance sector.
- Reiterated Mr Thomas's point about the onus being on the company, not the customer to get things right first time.

**Baroness Stowell – Acting Chair of the APPG:**

- Said that well-run businesses should be putting customers first, not only regulated sectors, but in all sectors.

**Jo Causon – CEO, Institute of Customer Service:**

- Noted that the FCA's Consumer Duty was about the whole 'end to end' journey for customers. She agreed that companies needed to look at their customers and their customer journeys too.
- She lamented Mr Thomas's example and agreed with him that the error shouldn't have occurred, and the onus shouldn't have been on him to contact his provider.

**Baroness Stowell – Acting Chair of the APPG:**

- Noted that Wessex Water mentioned items that pertained to building trust with customers. Said this was key.

**Baroness Bennett – Vice-Chair of the APPG:**

- Noted issues in the recent past with her phone contract. Noted that many organisations asked customers for ratings of the service they had received after interaction between the customer and the organisation but that this was sometimes misleading as sometimes staff are constrained by scripts.
- Said that disempowerment of staff wasn't the right way to go on service delivery and that disempowering staff could lead to angry customers and some customers may go further and abuse staff which shouldn't happen – tangentially noted the Institute's Service with Respect campaign.
- Said that organisations assumed people worked in a certain way and wanted to speak to companies at certain times but that many people nowadays didn't live a 'standard life'.

**Baroness Stowell – Acting Chair of the APPG:**

- Said it was important that staff weren't reading from scripts but were empowered.



- Also noted that abuse of staff could well happen by severely frustrated customers because staff aren't empowered to actually help the customer.
- Noted the need from organisations to provide good service and empower staff which would make their working lives more productive and easier.

**Sue Lindsay - Director of Customer Policy and Engagement, Wessex Water:**

- Said that companies needn't have layers of bureaucracy that customers need to get through.
- Noted that a company couldn't implement digitisation without people and vice versa, it needed to be technology working with staff and vice versa.
- Said that customer service shouldn't feel like it's hard.

**Baroness Stowell – Acting Chair of the APPG:**

- Asked if all companies approached customer service this way.

**Ramona Vlasiu - Chief Operating Officer, E.ON Next:**

- Said her colleagues always sought to do the right thing.
- However, noted that there was a balance to be struck between compliance and empowerment of staff.
- Noted that her industry has been very risk adverse in the past.
- Outlined the work conducted by E.ON to work on internal structures within the company so that customers talk to the same teams whenever possible and that when a specific problem arises that the same staff member deals with that same customer.

**Christopher Herbert - Director, Customer Service - Service Delivery, Openreach:**

- Noted how Openreach are trying to simplify their contact with customers and allow customers to have a choice.
- Agreed customer service should be about the end-to-end journey.
- Noted that he was starting to see a move towards a positive customer service environment across the board.

**Lord Whitty:**

- Noted a report and [commission](#) he was involved in producing on energy and vulnerable consumers.
- Explained that some people will remain vulnerable all the time, others will only become vulnerable temporarily.
- Noted that the communication between customers and companies when he was involved in producing this report and commission was poor.
- Said that the energy sector should have a list of vulnerable customers but that there was a disparity in data collection on this point between companies.
- Urged the need for a dedicated and robust system to ensure vulnerable customers are treated properly.
- Noted that not always can the customer keep track of communications from companies and reiterated his desire for companies to do more to support vulnerable customers, particularly around pricing.
- Noted the need for two approaches from companies; the first for permanently vulnerable customers, and the second for those customers who may become temporarily vulnerable.



**Ramona Vlasiu - Chief Operating Officer, E.ON Next:**

- Noted a pilot that E.ON had conducted with 100,000 customers to understand customer wellbeing rather than customers on the Priority Services Register (PSR).
- Outlined the need to target vulnerable customers to get them as much support as possible and to raise awareness among this cohort of E.ON's social tariff.
- Noted other support E.ON give vulnerable customers, including working with charities and helping customers with their payment plans to get them into a good place.

**Jo Causon - CEO, Institute of Customer Service:**

- Noted the interesting point that the same issues cropped up across all sectors.
- Urged each sector to benchmark themselves outside of sector.
- Wanted to ensure all companies delivering essential services focused on service excellence.
- Wanted to see companies continuously providing service excellence and consistently reporting and using data to improve their service delivery.

**Baroness Stowell - Acting Chair of the APPG:**

- Agreed with Jo Causon.

**Lynn Parker - Senior Director for Enforcement and Customers, Ofwat:**

- Agreed that good customer service should be for everyone.
- Said companies should identify customers' needs and put in place measures to address those needs.
- Said customers should have simple solutions to their problems when they arose.
- Shared customers frustrations at times as a consumer herself.

**Fergal Farragher - Consumer Protection Director, Ofcom:**

- Said the capability of companies to do everything discussed was there and that Ofcom wanted to see organisations improve.

**Baroness Stowell - Acting Chair of the APPG:**

- Made closing remarks that good customer service would save companies in the long run in dealing with complaints.

Ends at 15:01pm