Complaint Management

- A customer complaint management program should define how the bank identifies, investigates, and responds to complaints.

- It should also track, analyze, report, and take corrective action when appropriate. To work, the system should include a formal written policy that is well documented and communicated across the entire bank.
Complaint Management Expectation

- An effective compliance management system should ensure that a supervised entity is responsive and responsible in handling consumer complaints and inquiries. Compliance management will not be satisfactory without an adequate complaint management program.

- Information gathered from consumer complaints should be organized, retained, and analyzed as a part of the bank’s complaint management program.
Elements of a Complaint Management Program

- Definitions of complaints;
- Origin of complaints;
- Roles and responsibilities;
- Timelines;
- How complaints are received;
- Centralized tracking, analyzing and reporting;
- Record retention and documentation;
- Training; and
- Monitoring and auditing
Are there tangible benefits to having a complaint management program?

- YES, and the customer is a key player in this process.

What part does the customer play?

- The customer is the only party that can provide clarity on why this issue or concern has escalated to a complaint. Once the complaint is clarified, the bank can:
  - Ensure the customers feel respected, valued and assured that their problem will be solved quickly and easily; which in turn, the bank benefits by increasing customer satisfaction and agreement with the problem handling process.
Back to benefits...

- Provides the ability to analyze complaints at a bank wide level, which allows senior management to make informed decisions about new product offerings and process changes.

- Creates the opportunity to implement “best-in-class” practices to improve the customer experience and understanding.

- Supports bank goals to reduce the number of problem incidents related to customer treatment and to improve customer satisfaction related to problem handling.

- Drives the bank’s ability to retain primary relationships with existing customers.

- Increases customer satisfaction by having a process to identify and handle customer complaints.

- Provides clarity on how to identify and handle customer complaints.
What is at the core of an effective complaint management program?

DEFINITIONS!

Establish specific criteria to clearly define consumer complaints. Have a written definition of what constitutes a complaint.

For example:

- A complaint is a situation in which a customer expresses dissatisfaction with the handling of or the resolution of the issue which results in the customer:
  - Requesting to go on record as being dissatisfied with the condition or resolution of a service request, or
  - Referencing legal or media assistance, or
  - Requesting to escalate their problem beyond your immediate management.
Trigger language to include in your definition of a complaint

Examples of complaint trigger language include:

- I'm going to contact the news media.
- I'm going to contact the radio station, so they can tell everyone.
- I'm going to call my attorney.
- This is not legal.
- I want the number/address for your president, so that I can call/write a letter.
- I expect you to respond to my problem in writing.
- There are other types of language that a customer may use which will not be escalated.
A step further:

- Does the bank want every complaint to go to a centralized area?

OR

- Does the complaint management program require only require escalation of certain high risk or regulatory complaints?

In order to make this decision, the bank must also include what does NOT constitute a complaint.
What’s NOT a complaint

Defining the difference in complaints and requests for error resolution or venting will allow the bank to focus on those high risk areas rather than documenting every inquiry or customer venting.

Examples of venting and lower risk verbal complaints:

- Your bank customer service is horrible, I was in line for 10 minutes.
- Your fees are too high and I don’t like them.
- I am closing my accounts because you don’t know how to conduct business.
More common criticism

- You can't refund my fees, but I bet the bank sure took that bailout money.

- You’re charging all of these fees to make up for your losses because your bank makes bad loans.

- How can you get away with charging this fee on my account?

Notice that in the examples of criticism language, the customer does not request to “go on record”, reference media or legal assistance, or escalate beyond immediate management. Which leads someone to believe they are venting rather than complaining about a bank product or service.
Origin of complaints

- Complaints can come through a variety of channels:
  - Front-line personnel;
  - Management;
  - Regulatory or consumer protection agency; or
  - Social media

Reminder: If the bank uses social media (facebook, twitter, etc) remember to include these channels in your complaint management program.
Roles and Responsibilities

- Identify:
  - Person/department responsible for responding to complaints;
  - When a complaint should be escalated;
  - Who it is escalated to; and
  - What steps are taken after the complaint is received.
Timelines for submission and responses

- After the decision has been made as to what constitutes a complaint, which complaints require escalation, and who is responsible for responding to the complaints, the next step is to set strict guidelines for submission to response timeframes.

- Even if the bank has defined different levels of complaints, timelines should be set and strictly enforced.

- There are no regulatory requirements for response times, but the bank can use consumer protection guidelines as well as other agencies to serve as a guideline to set these timelines.
Detail how complaints are received to the complaint manager

- Because complaints can come to the bank through a variety of channels, and even if every complaint is not escalated to a centralized location, the bank must detail how a high risk complaint is funneled to the complaint manager in a consistent manner.

- This can be accomplished through the use of a simple on-line tool to ensure all complaints are logged as received.

NOTE: If all complaints are not escalated each department should have a system of logging those complaints so they can be tracked through and acceptable resolution.
Centralized tracking, analysis and reporting

- After receipt, logging, investigation and resolution the bank needs a process for analyzing and reporting of complaints.

- Analyzing will give insight into whether complaints revolve around the same issue.

- How many complaints about a specific product or service have been received.

- Results of the analysis – fault or no fault, product, service etc must be shared with senior management and the board.
Record Retention

- Look at who’s retaining the complaints, what is being retained, and how long it’s held.
- Address in the program’s record retention standards for all complaints, including complaints that might be handled by front line personnel or even branch managers but are not be escalated to a centralized area.
- Include all complaints in the record retention requirements.
Training

- A program of any kind cannot be rolled out with the expectation that it will just work and be understood by everyone.

- The bank needs to continually train employees and provide ongoing tools and resources to ensure that standards are continually met.
Monitoring

- Not only do the actual complaints and resolutions require monitoring, the program requires monitoring as well.

- Annual review of the program is required.

- Non-escalated complaints should be monitored to ensure correct categorization as well as to ensure that the timelines and satisfactory resolution was reached.
To sum it up

- Tracking and analyzing actual consumer complaint data and appropriately addressing issues noted in complaints will enhance and strengthen a bank's compliance management program.

- A wealth of information can be found in consumer complaint data, and one complaint could be the information that an examiner uses to look deeper.

- By analyzing complaint data, a bank can use the findings to regularly assess its compliance risk, validate its compliance controls, and provide a comprehensive compliance assessment to its board.

- The bank can also leverage its complaints to proactively prepare for regulatory examinations and to anticipate potential areas of focus for future regulation.
We have a program, what do the regulators focus on?

- Just having a formal program is not all the regulators are looking for.

- Not only will the regulators ask for your formal program, and check that program contains all of the elements we have discussed, they will want proof that the program is working.

Proof?

- Be able to demonstrate that the handling of consumer complaints led the bank to a satisfactory resolution for the customer and, if applicable, the information from the complaint was used to improve or fix a process, system, product, or service.
Thank you!

For additional information, contact Scott at scott@compliancealliance.com, or give us a call @1-888-353-3933