



ISSUE 02:

COMPLAINTS MANAGEMENT

Having a robust complaints management process is essential in delivering excellence in customer service.

Chairman's Foreword

At the New Homes Quality Board, we champion raising standards in quality and customer service. As part of this, we investigate priority areas and develop best practice guidance to support developers in making improvements.

In this guide we have examined the subject of handling customer complaints. No developer is immune from receiving complaints, but early and effective handling and resolution can improve customer relationships and minimise costs. In contrast, there is evidence to show that improper handling has a negative impact on business reputation, profitability, and credibility.

We spoke to developers of different sizes to understand how complaints are handled, and we looked specifically at the cost of handling these complaints and what challenges exist. As a result of these conversations, this best practice guide was created for developers to help them review their current complaints handling processes and, as appropriate, improve them to deliver against customer expectations, reduce service costs, and drive customer satisfaction.

We hope you will find this guide informative and useful. If you'd like to talk to us about this, or anything else, then please contact us at info@nhqb.org.uk.

Rob Brighthouse
Chair, NHQB




NHQB's Best Practice Guide to Complaints Management

How much influence can your customers really have?
The answer is more than you think.

If your customers are happy, they will sing your praises and be one of your biggest advocates

Unhappy customers on the other hand can impact more than just your reputation, they'll eat into your profit margins and harm your credibility. Research conducted by the NHQB found that the average cost of complaints for a developer with 100 complaints could exceed £250k (see Appendix 1). Handling complaints also takes up valuable business time especially for customer service teams, middle management, and senior management. It goes without saying that the financial impact can be significant.

Profit margins are not the only thing that will be damaged, future sales are likely to be affected with word of mouth and social media harming reputations and credibility.

How can complaints be good for business?

Hearing about your failings can be hard, after all, no one likes to receive criticism. But unfortunately, the harsh reality is, no developer is immune from customer complaints.

Whether you like it or not, customer complaints can impact your bottom line, no matter the size of your company, it's how you deal with a complaint which can hold the key to safeguarding your profits and reputation. Prioritising better customer service can potentially grow revenue between 4% to 8% (Dullweber, 2015) and be one of the biggest differentiators between you and your competitors (Wayne Huang, 2018).

A complaint can be a powerful insight into your customer's experience and an effective complaints management process can reveal weaknesses you may not be aware of, helping improve customer experience and grow your business. Furthermore, dealing with a complaint well and providing a good solution for the customer, can sometimes do more for your reputation than getting it right first time.

15 or more people
will hear about bad experiences from unhappy customers

1 in 25
will share their complaint directly to your company

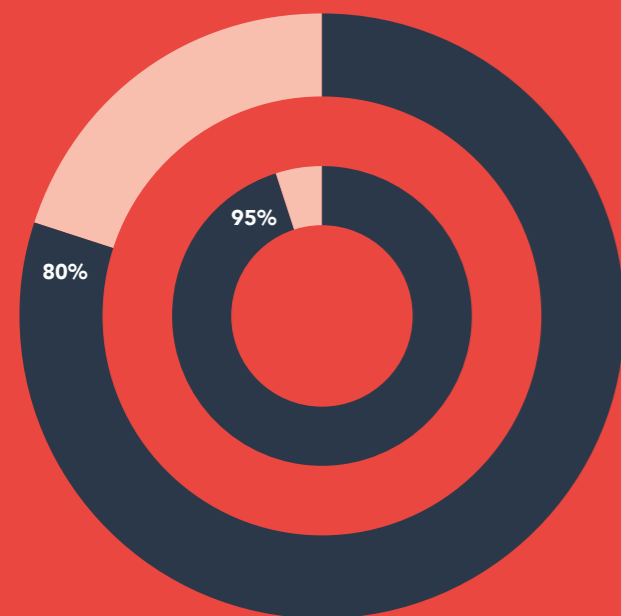
(Kolsky, 2015)

What is Complaints Management?

The process an organisation follows when receiving, resolving and managing a complaint made by a dissatisfied customer.

A good complaints management process has the power to:

- Improve customer relationships
- Improve quality assurance
- Raise standards of customer service
- Enhance customer satisfaction
- Improve reputation and trust
- Create positive word-of-mouth
- Increase employee satisfaction and retention
- Reduce costs



Around **80%** of consumers say they would rather do business with a competitor after more than one bad experience.

(Zendesk, 2020)

About **95%** of customers read reviews before making a purchase.

(PowerReviews, 2015)



Where to Start?

Not all complaints are equal. So, before taking action, analyse each complaint to assess the facts.

Key questions to ask:

- Has the customer complained before?
- What is the tone of the message – angry, vague, demanding?
- Has the issue been raised already?
- Can the complaint be dealt with quickly?

Once you've categorised your complaints, you can create specific guidelines with clear escalation plans to handle and resolve each concern and take action to prevent them from reoccurring.

Allocate each step with an owner, achievable timescales for resolution and target response times.

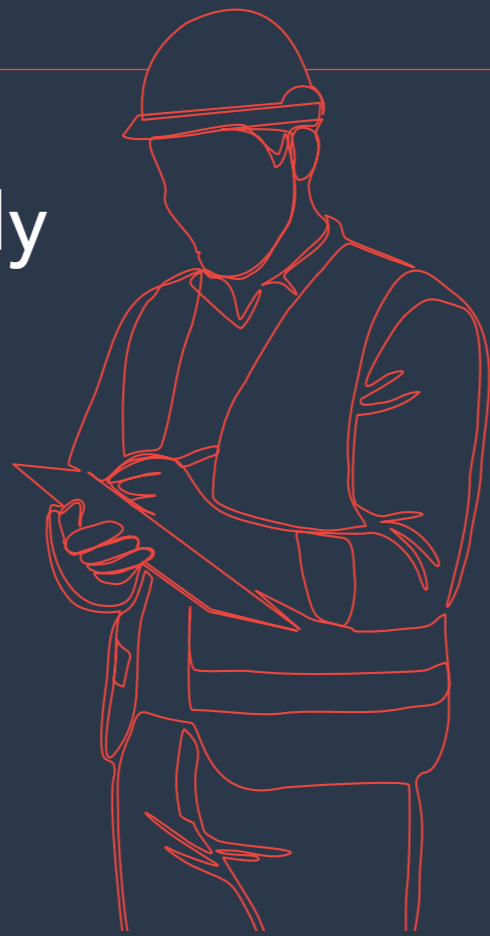
Common complaints:

- Contractual issues
- Defects
- Delays
- Misunderstanding in communication
- Poor workmanship
- Safety concerns
- Unfinished work

Communication	Timescales	Content
1. Written acknowledgement.	Within 5 working days of receiving the complaint.	Confirm receipt of the complaint.
2. Path to resolution.	No later than 10 days from the complaint start date.	Outline how you will handle the complaint.
3. Complaint assessment and response.	No later than 30 days from the complaint start date.	Response letter to assess the complaint and also explain how the customer can access the New Homes Ombudsman Service.
4. Eight-week response (if the complaint is not closed).	56 calendar days from the complaint start date.	Provide a summary of action taken to date, with clear details of what is still outstanding, a reason why and the actions to be taken. Include an idea of how the complaint will be settled.
5. Closure response.	Any time after the complaint start date.	A list of items agreed in the complaints assessment and response with confirmation that each item has been resolved. Information about how to refer matters to the New Homes Ombudsman Service, if the customer is not satisfied.

7 Steps to Effectively Manage Customer Complaints:

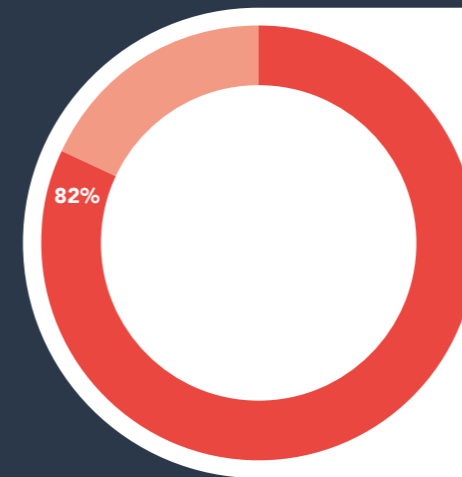
We've compiled a list of best practices to help support your complaint management journey, with useful tips to ease the often challenging and daunting task of handling customer complaints.



3. Offer an apology: Offering a genuine apology that reframes the issue from a defensive stance to one of understanding and empathy can be incredibly effective. Rather than a technical or legal response, a sincere apology focuses on acknowledging the customer's experience and working towards a solution. This assures the customer that their complaint is being taken seriously and helps in de-escalating the situation. Use the words 'me' and 'I' so that it's clear that you are sorry and taking responsibility for finding a solution. Research indicates that effective apologies can reduce litigation costs and restore customer trust.

Example of an apology:

'Thank you for explaining the situation. I'd like to start by apologising for this experience. This isn't the service we aim to provide to our customers'



82%

A survey commissioned by LivePerson in 2022 revealed that "82% of customers say the number one factor that leads to a great customer service experience is having their issues resolved quickly."

1. Listen and acknowledge: Listen to your customers concerns and acknowledge that their complaint is being taken seriously. It's important not to take it personally and listen to the customer's full story without judgement or prejudice. Even if multiple staff members have already handled the complaint, it's crucial to consider your own view and not dismiss the customer's concerns based on previous responses. Active listening can help in quickly identifying the root cause of the problem and understanding how to address it effectively.

Some complaints might be complex and difficult to understand, in which case it might be best to call the customer directly to avoid overly long email trails. A personal phone call will go a long way in helping the customer feel heard, in understating the issues needing to be rectified and ultimately in rebuilding the relationship.

2. Empower staff: Empowering staff with the information and training to resolve customer issues swiftly can reduce the need for the escalation of minor issues and help free up time for managers to focus on critical operational tasks. By resolving issues quickly, the customer can feel satisfied, the employee can be more engaged and proactive in their role, and your response times can be shorter.

- Provide relevant training on how to respond to customer complaints.
- Use real-life scenarios, and examples of how to deal with different types of complaints.
- Encourage staff to use role-play to practice problem solving and work through situations that don't go to plan.

Create a culture that prioritises customer service by providing staff with advice and support them through tricky situations. But be clear to set parameters to ensure significant or more complex issues are escalated.

4. Communicate effectively: Effective communication is vital in helping resolve issues swiftly and in managing customer relationships and expectations.

- Listen: Approach each complaint with an open mind and willingness to understand the customer's perspective.
- Unbiased and respectful: It's easy to become defensive and use emotive language but try and be impartial, fair and factual, and above all respectful.
- Appropriate: Avoid confusing customers with jargon and legal terms, communicate clearly with unambiguous, easy to understand, and accessible language.
- Timely: Try and solve the original issue before it becomes a complaint and within the timeframe communicated.
- Transparent: Be transparent in your complaints management process and manage expectations of what the process can achieve, for example, it cannot reverse a council decision.
- Personal interaction: Engaging with customers directly rather than solely through email can significantly improve the resolution process. Personal interaction allows staff to build a relationship with the customer and shows them that their concerns are being taken seriously.

Frequently Asked Questions

5. Demonstrate genuine commitment: Demonstrating a genuine commitment to resolving the customer issue and keeping promises is crucial in the resolution process. Not returning a call within the timeframe communicated can lose trust and lead to the customer chasing for updates. By committing to the process, staff can ensure a smoother and quicker resolution.

6. Keep records: Customer complaints won't go away overnight and managing them is an ongoing process. Maintaining a record of complaints and tracking trends over time can highlight underlying issues, identify areas for improvement and help in developing better strategies for early resolution. This can lead to more proactive and preventative measures, helping reduce complaints, as well as drive performance and business growth.

7. Follow up: Once the issue has been resolved, follow up with the customer to understand and measure how happy they are with the service they've received. Your customer will feel respected, and you will gain valuable insights to help improve your complaints management process.



TOP TIP

Keep it simple. Avoid confusing customers with jargon and legal terms, communicate clearly with unambiguous, easy to understand, and accessible language.



TOP TIP

Respond in a timely manner. Reply as quickly as possible, within the timescales laid out in the Code, and set out clear and realistic timescales.



TOP TIP

Try and contact the customer by phone. A phone call can often improve your relationship with the customer. You can demonstrate you're a real person, empathising with the customer and talking through issues which have caused misunderstanding or confusion. You can then follow up with an email to confirm.



TOP TIP

Create response templates. Save time and create consistent messaging with reusable letters and email templates, as well as call scripts when responding to customers. These should be personalised for each circumstance to avoid sounding bland and impersonal.



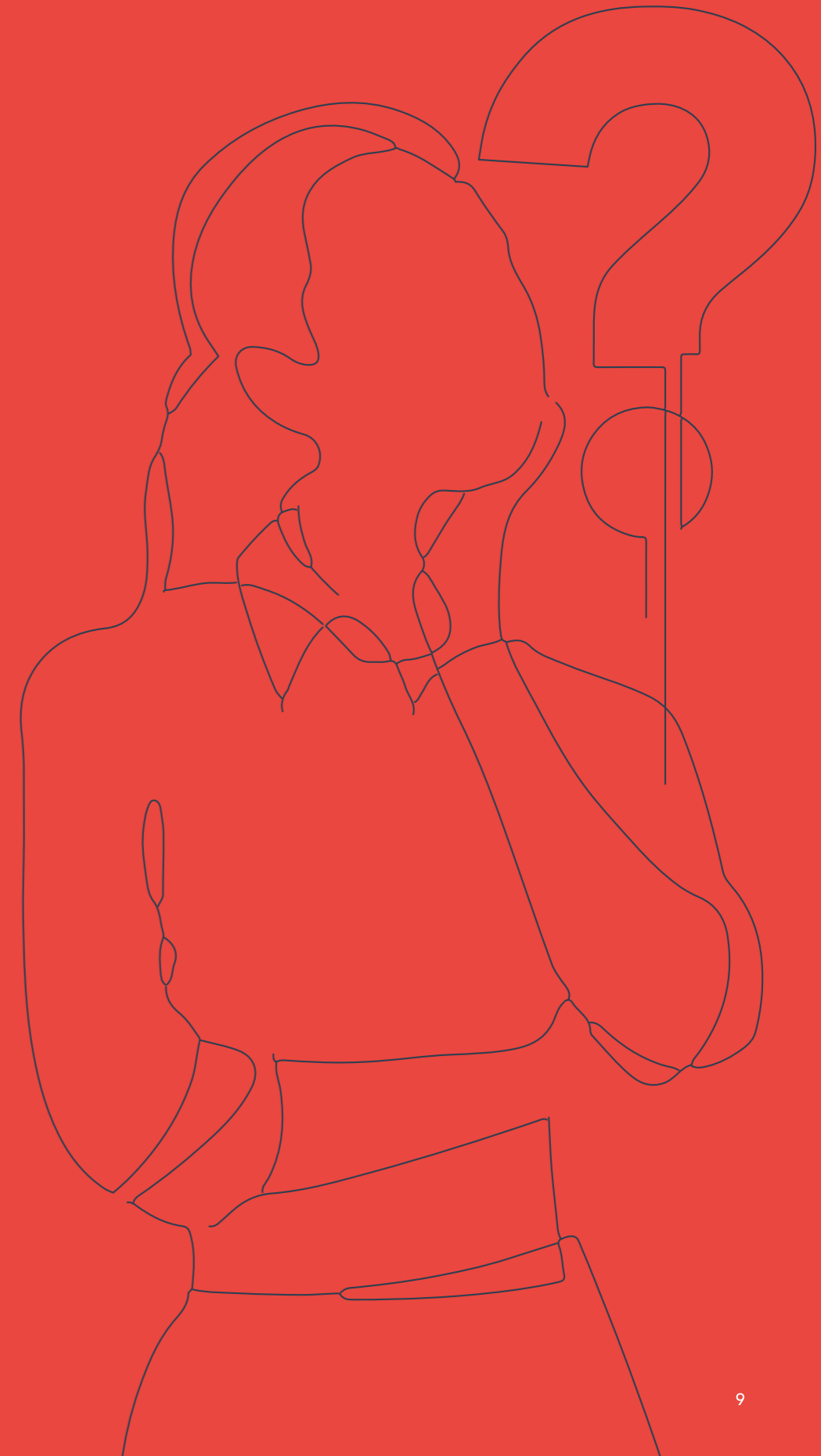
TOP TIP

Customer-focused approach. Listen and acknowledge the customer's issues and demonstrate your commitment to finding a solution, communicating the process and what happens next.



TOP TIP

Be polite, compassionate and respectful. Avoid defensive, provocative or emotive language / tone / attitude.



Frequently Asked Questions

How do I deal with verbal complaints?

It's often preferable to receive complaints in writing so you have a record of everything and have some time to review/investigate before responding. However, if a customer wants to log a complaint in person or on the phone, then you should listen respectfully and capture as many notes as possible, including the date and time to maintain a record. If it's relevant, you should offer an apology immediately and then explain that you will need some time to investigate and agree next steps. Confirm who will take ownership of the complaint and a realistic timetable (in line with the New Homes Quality Code complaints procedure) for when they will be in touch.

What do I do if the customer is angry or abusive?

Buying a new home is a huge financial and emotional commitment so it's not surprising that customers can be upset if things don't go as planned. In this situation, it's best to start by active listening to let the customer explain all their concerns. Only when they have finished should you calmly and respectfully respond, ideally with an apology if relevant. Remember that the customer is frustrated and unhappy, but this isn't about you, so don't take it personally. Speak calmly and clearly, taking ownership for what needs to happen next and explaining the timescales involved. If a customer is abusive then you can politely remind them that you are here to help but will not tolerate personal abuse.

How do I respond to complaints on social media?

Organisations will have different approaches to using social media so you should ensure you're aware of any policy that you need to comply with. If a customer complains this way, it's usually best to contact them to take the complaint offline. Either suggest that they call or email to provide the details of the complaint or offer to call them.

What do I do if I get a negative review online (such as on Google reviews or Trustpilot)?

Again, organisations will have different approaches to online reviews and larger ones often have someone who monitors and responds to reviews on online platforms. Good practice would be to respond to the review to apologise and say you'll be in touch to gather more information. If there isn't enough information online to identify the customer, you may need to provide an email address or phone number so they can contact you instead.

How do I record customer complaints?

There are many ways to record and manage customer complaints. These can range from a simple spreadsheet, right up to large cloud-based systems. The important point is that you need to be able to capture the right information to allow you to:

- a. Understand the complaint
- b. Capture the date and time of any communication
- c. Ensure you have the customer's contact details
- d. Identify and classify the type of issue to monitor any trends or repeat problems
- e. Document the owner of the complaint as well as any actions and timescales.

A customer wants the contact details for the New Homes Ombudsman (NHOS), do I have to provide them?

Yes. Customers of New Homes Quality Board-registered developers have a right to go to the NHOS if they remain dissatisfied with how their developer has handled their complaint. If they haven't yet been through the developer formal complaints procedure, then you can explain that they should log a complaint and give you the opportunity to resolve it first. If they contact the NHOS before they've been through the developer complaints process, the NHOS will refer them back to the developer.

What constitutes a complaint?

Although many developers will have their own guidelines and definitions, generally we recommend the following:

Complaint:

If the customer uses the word complain or complaint, or refers to poor service received from an individual, then you should treat it as a complaint.

Examples:

- Customer goes into the Sales Office and says, "I've got a complaint. Your Site Manager is not dealing with my issues".
- Customer rings the office reception and says, "The salesperson isn't treating me fairly and has been rude to me".

Not a complaint:

If the customer is raising issues such as snagging and faults, it's probably not a complaint, and should go through the organisation's procedure for dealing with such matters.

Examples:

- Customer approaches the Site Manager in the street and says, 'I've got a dripping tap in the bathroom.' This should be handled as you would with any snagging issue.
- Customer sends a list of items after occupation to the customer care team to get them fixed. This should be dealt with as part of your post occupation snagging procedure.

Further information:

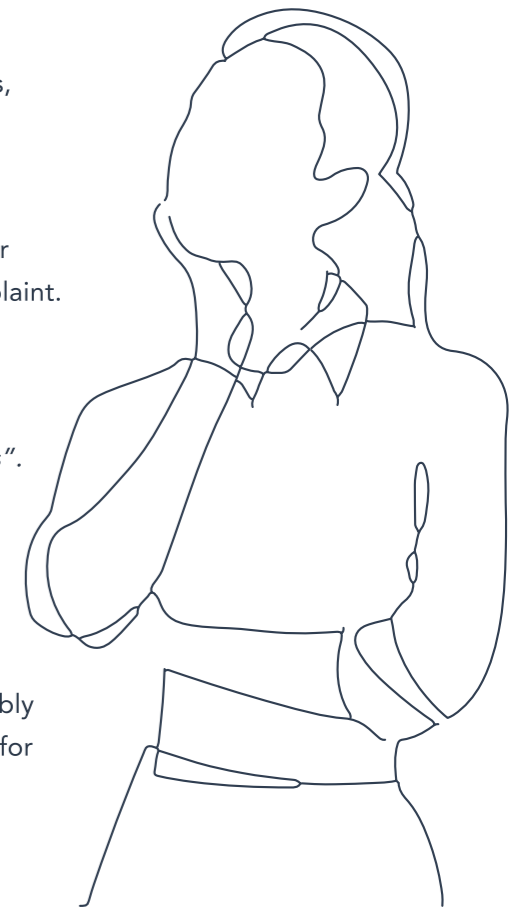
New Homes Quality Board - www.nhqb.org.uk

New Homes Ombudsman - www.nhos.org.uk

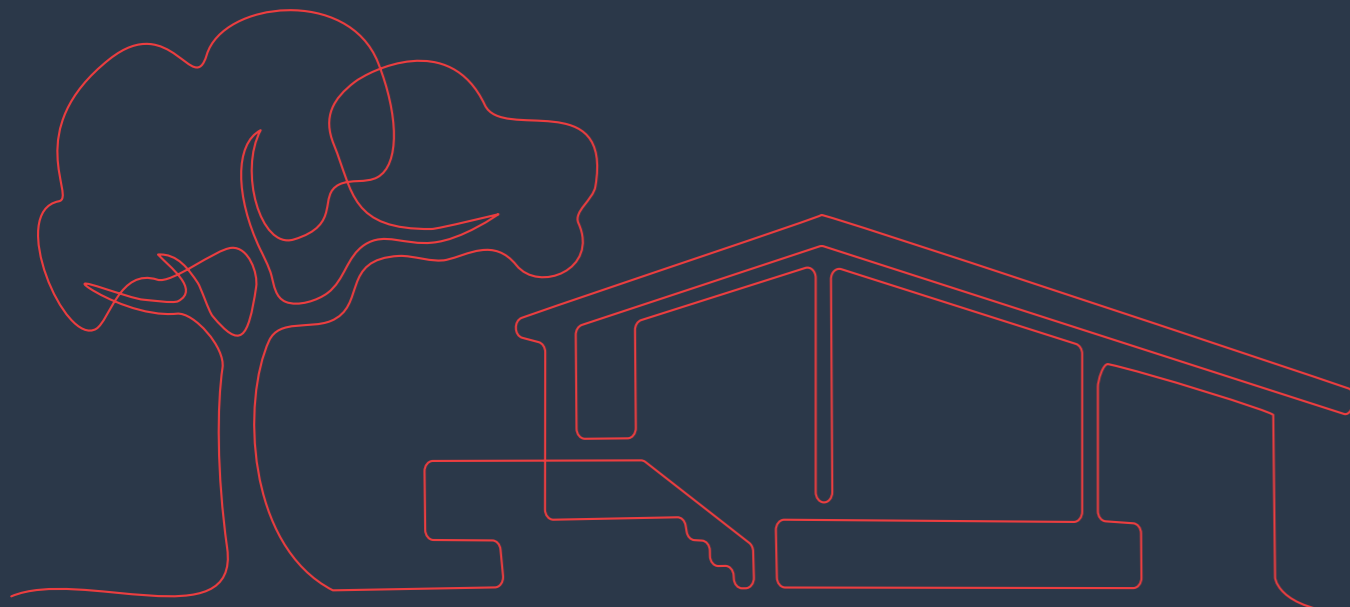
Best practice complaint handling guide | Legal Ombudsman - www.legalombudsman.org.uk

Principles-of-Good-Complaint-Handling - www.ombudsman.org.uk

Institute of Customer Service - www.instituteofcustomerservice.com



Appendix 1



1: Figure based on the average value of a full complaints cycle across three types of developer (NHQB, 2023).

In research conducted by the NHQB into the cost of a complaint, we discovered the typical cost associated with each stage of a complaint across three varying sizes of developers.

Breakdown of Costs

- **Stage 1 of Complaint:** Sum of costs calculated by multiplying the average hourly rate by the average time Customer Service spends dealing with a complaint.
- **Stage 2 of Complaint:** Sum of costs calculated by multiplying the average hourly rate by the average time for senior / functional management dealing with a complaint.
- **Stage 3 of Complaint [only included for large developers]:** Sum of costs calculated by multiplying the average hourly rate by the average time the MD/CEO and/or Executive Board spends dealing with a complaint.

Larger Developer

Complaint Stage	Individual Costs
Stage 1 of a complaint	£328.60
Stage 2 of a complaint	£1,261.34
Stage 3 of a complaint	£1,174.86
Total cost of a full complaint cycle	£2,764.80
Total cost for 50 complaints	£138,240
Total cost for 100 complaints	£276,480

Medium Developer

Complaint Stage	Individual Costs
Stage 1 of a complaint	£328.60
Stage 2 of a complaint	£1,261.34
Total cost of a full complaint cycle	£1,589.94
Total cost for 50 complaints	£79,497
Total cost for 100 complaints	£158,994

Small Developer

Complaint Stage	Individual Costs
Stage 1 of a complaint	£214.84
Stage 2 of a complaint	£564.20
Total cost of a full complaint cycle	£779.04
Total cost for 50 complaints	£7,790.40
Total cost for 100 complaints	£38,952

References

Page 1: Kolsky (2015) Why customer complaints are good for your business

Page 1: Dullweber (2015) Five Disciplines of Customer Experience Leaders

Page 1: Wayne Huang (2018) How Customer Service Can Turn Angry Customers into Loyal Ones

Page 2: Zendesk (2020) Zendesk Customer Experience Trends Report 2020

Page 2: PowerReviews (2015) How ratings and reviews influence the buying behavior of the modern consumer

Page 4: LivePerson (2022) 101 Customer Service Statistics To Lay Your CX Strategy On





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