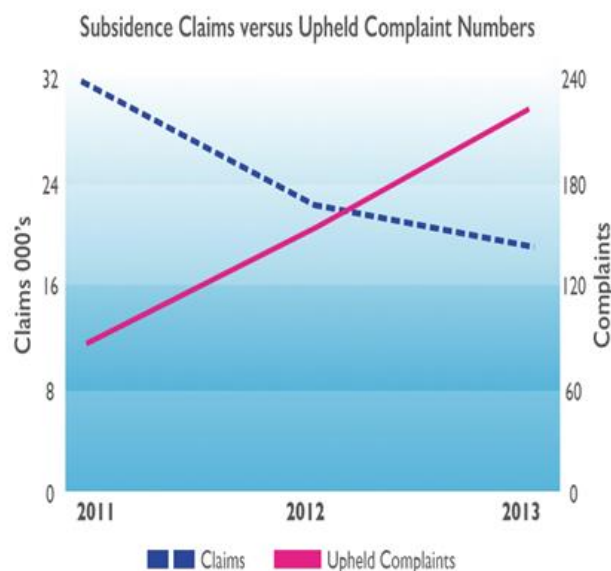


Customer Focus Group Meeting at BRE Watford on 19 November 2014
 TREATING SUBSIDENCE CUSTOMERS FAIRLY

BACKGROUND, OUTPUT & CONCLUSIONS

BACKGROUND

Subsidence notifications into the industry have been in decline in recent years. However, against this background there has been a significant increase in complaints referred to the FOS and an even larger increase in the number of complaints upheld. Whilst the increase in referrals is a trend also being experienced with other perils it is very marked with subsidence which does raise the question as to whether the subsidence industry's current practices and procedures are meeting the expectations of the present day consumer.



In recent Forum events there has also been much discussion on this topic, reinforced by a presentation by Derry Baxter, Ombudsman at the October 2014 Training Day. For these reasons the Forum Customer Focus Group decided to hold an open discussion event for members on the topic, "Treating Subsidence Customers Fairly".

It was held on the morning of November 19th 2014, commencing with three presentations. The first from Nigel Barham, Director of Building Services at GAB Robins and chairman of the group, set the general scene. This was followed by Mike Mortished, Subsidence Controller at Ageas Insurance and Robert Withers, representing ASUC, who respectively provided insurer and contractor perspectives.

The main part of the morning then examined the performance of the subsidence industry from the point of view of the six TCF consumer outcomes:

- **Outcome 1:** Consumers can be confident that they are dealing with firms where the fair treatment of customers is central to the corporate culture.
- **Outcome 2:** Products and services marketed and sold in the retail market are designed to meet the needs of identified consumer groups and are targeted accordingly.
- **Outcome 3:** Consumers are provided with clear information and are kept appropriately informed before, during and after the point of sale.
- **Outcome 4:** Where consumers receive advice, the advice is suitable and takes account of their circumstances.
- **Outcome 5:** Consumers are provided with products that perform as firms have led them to expect, and the associated service is of an acceptable standard and as they have been led to expect.
- **Outcome 6:** Consumers do not face unreasonable post-sale barriers imposed by firms to change product, switch provider, submit a claim or make a complaint.

The morning ended with a review of the current Subsidence Forum Customer Charter (Appendix 1) to assess any need for modification since it was introduced nearly a decade ago.

The event was well attended, with 24 participants spread across the various stakeholders as follows:

Area of Work	Number of Attendees
Insurer	6
Main subsidence provider (incl. loss adjusters)	3
Specialist subsidence supplier (investigations/mitigation)	3
Subsidence consultants	3
Contractor	7
Solicitor	1
Public Authority	1

The purpose of this paper is to record the output and to summarise the conclusions and recommendations arising for the use of member companies.

OUTPUT SUMMARISED AGAINST THE SIX CONSUMER OUTCOMES

Discussion covered a wide range of topics with some strong views being expressed, both negative and positive. Below are captured some of the main points made by participants against each consumer outcome:

CONSUMER OUTCOME	OUTPUT – VIEWS EXPRESSED
<p>1: Consumers can be confident that they are dealing with firms where the fair treatment of customers is central to the corporate structure.</p>	<ul style="list-style-type: none"> • Yes or we will lose customers • Not always – do procurement processes always reflect this culture. Supplier arrangements can be driven by financial savings not service • TCF does not always translate into the supply chain • High repair network fees and poor contractor payment terms can detract • We must think customers first and look for ways to improve the customer journey • We must look to eliminate failure demand and invite customer feedback
<p>2: Products & services marketed and sold in the retail market are designed to meet the needs of identified consumer groups and are targeted accordingly</p>	<ul style="list-style-type: none"> • Capped indemnity spend models are not aligned with this • Supplier arrangements can be too complex to focus on customer needs • Is the schedule of rates the best way for repairs? • We must provide products that meet customer's requirements • We should provide feedback to underwriters re policy wording • At the start we should distinguish the straightforward losses from the complex. Recognise more time is needed on the 15%-20% of claims that are complex • Personal lines is stable whereas commercial is continually tweaked • SLAs do not always reflect true customer needs and in some instances can encourage the wrong behaviours

<p>3: Consumers are provided with clear information and are kept appropriately informed</p>	<ul style="list-style-type: none"> • Important to fully explain matters right at the start. Information packs are generally but not always in use • Communication and information provided is generally good and customers are able to speak to the correct people • Important not to use jargon • Customer doesn't understand the repair schedule – its jargon heavy and rarely location specific • Honest advice from Day 1 should be given and regularly updated • Documentation for retention at end of claim must be provided. There is a case to standardise this across the industry • Register all claims on CUE • A service positive is that insurers will generally continue cover post claim and in point of sale situations. Advice fairly consistent across industry • Customers are not always kept appropriately informed when claims are within the supply chain
<p>4: Where customers receive advice, the advice is suitable and takes account of their circumstances.</p>	<ul style="list-style-type: none"> • We adopt a predicament management approach and manufacture a solution to suit the individual customer • Important to decline well, explain what's wrong and assist with resolution • Tailoring communication to take account of people's preferences and circumstances should be built into the process • There needs to be clear distinction between advice requirements on a domestic claim as compared to a commercial loss. • Certificates of Structural Adequacy and Warrantees are becoming more important to customers and there should be consistency here
<p>5: Consumers are provided with products that perform as firms have led them to expect and the associated service is both of an acceptable standard and as they have been led to expect.</p>	<ul style="list-style-type: none"> • Society is changing and expectations increasing, is service keeping up with these changes? • Is it too easy to complain? • Due to the long duration of many subsidence claims the customer can be at wits end before the builder arrives on the scene • Need to shorten claim durations • The construction industry is coming out of recession and repairer arrangements need to reflect this if service is not to suffer • Important to keep promises, ensure good communication, carry out root cause analysis on complaints and identify improvements
<p>6: Consumers do not</p>	<ul style="list-style-type: none"> • It's too easy to complain!

<p>face unreasonable post sale barriers imposed by firms to change product, switch providers, submit a claim or make a complaint.</p>	<ul style="list-style-type: none"> • We verify claims but not in a way that impacts the journey of genuine claims • Complaints are handled promptly and escalated appropriately
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CONCLUSIONS

Despite the wide ground covered and the variety of views expressed a number of themes can be identified and from these some conclusions can be drawn.

As a general observation, there was sufficient feedback identifying issues within the industry to conclude that changes are needed if subsidence claim handling is to keep up with the expectations and the diversity of present day society. Also (and linked to this) if the industry is to optimise delivery in line with the requirements of TCF.

Ten main conclusions are summarised below:

- 1) All procurement processes, whilst recognising the importance of financials should also ensure that the service procured automatically encourages/rewards behaviours that are fully in line with TCF. Key SLA's should be also be reviewed and designed accordingly.
- 2) Average claim durations need to be reduced, identifying at the start the more complex claims and the different requirements of these from the majority of valid claims that can be completed more quickly.
- 3) Supplier arrangements need to be simplified, with clear responsibilities and communication channels, and all participants focussed on delivery in line with TCF, not just insurers.
- 4) Repairer arrangements need to be reviewed to encourage firms to stay in the insurance/subsidence sector, throughout the current construction upturn, rather than migrate away.
- 5) Repairers should be engaged early in the valid claim process.
- 6) The avoidance of jargon should extend to repair schedules and other technical information.
- 7) Processes should identify and flex to suit different customer needs and also reflect the different requirements of domestic and commercial policyholders.
- 8) Communication options for customers need to be routinely built into the subsidence claim process and identified at the earliest opportunity.
- 9) There is a case to set standardised guidelines for customer information and the pack of information left at the end of the claim.
- 10) Mechanisms for obtaining and acting on customer feedback must be built into the service and also for feeding back useful information to underwriters.

DEVELOPING THE CUSTOMER CHARTER

This was reviewed. The draft below incorporates some small changes, this including a commitment to respond to questions and concerns efficiently and within reasonable timescales.

APPENDIX A – CUSTOMER SUBSIDENCE CHARTER

To treat you as an individual, and in all aspects, fairly, with respect and integrity. You will be provided with an information guide which will generally explain the claims process including:

- Guidance on payment of the policy excess, to whom it is payable and when.
- Explanation of the various stages of the process such as site investigations, mitigation and monitoring.
- Provision of a likely timescale.
- Provision of contact names & numbers.
- You will be offered competent professionals to diagnose and recommend the most appropriate solution for your home and to offer outline advice on damage not covered by your insurance policy.
- You will be offered help with your questions and concerns which will be responded to efficiently and within reasonable timescales.
- You will be kept fully informed of the progress of your claim and every effort will be made to keep to mutually agreed timescales.
- You will be made aware of all reasonable options for the repair and settlement of your claim.
- All parties will comply with all relevant regulations and legislation.
- All work will be done safely by vetted, approved contractors.

The aims laid out in this charter do not affect your rights to refer the claim to the Financial Ombudsman Service in the event that you are not satisfied with the service provided by any party.