

**TDR**  
**ANNUAL REPORT**  
**2015**



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## Report from the Chair

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It has been a further year of successful service to New Zealand's telecommunication consumers.

During the year two companies were taken over by other member companies and a third sold its retail customer base. The Council is pleased to report that this commercial activity has not affected the operation of the scheme. An agreement between the remaining companies on how best to redistribute the costs left by the departing companies was quickly reached and to the public it was business as usual.

This pragmatic support for the scheme was also shown in the significant increase in cases referred to the Telecommunication Dispute Resolution scheme (TDR) by the companies. Over the past 12 months there has been a 213% increase (60 to 188) in the number of cases received by the TDR on the recommendation of member companies.

When the TDR Scheme was launched in November 2007 some telco providers were reluctant participants. They saw the TDR as the lesser of two evils – join the industry/consumer run complaint-handling scheme or run the risk of having to sign-up to a mandatory Government one with the inevitable associated costs and accompanying bureaucracy.

Members are now demonstrating a trust and confidence in the fairness of the scheme and its benefits, not only to customers but also to the companies.

Statistics gathered over the year show an increasing number of mobile device users viewing the TDR services on their phones and tablets. Further, there has been an increase of 126% in referrals from social media sites.

The TDR website has also increased its profile. Over the year there has been an increase of 28% in visits and unique visitor numbers jumped by 32%.

These percentage increases reflect an improved public knowledge of the TDR and what it has to offer. However, the Council is conscious that it has to do more to raise the profile of the service. We recognise there is a fine line between effective promotion and self-serving solicitation. It is a line we must not cross but we are always looking for more effective ways of letting customers know what the scheme has to offer.

One promotional avenue has been through the national network of CABs. FairWay, the scheme agent, has made a number of presentations to bureaux throughout the year. This has led to a measurable increase in referrals from this source.

Consumer representatives on the Council continue to promote the work of the scheme on all telecommunication customers' invoices. So far there has not been universal agreement by the companies for the idea.

Last year's annual report noted the ever expanding role of mobile phones in modern life. Over the past 12 months the telecommunications industry has become even more deeply entrenched in all aspects of commerce and entertainment. We now have a society where children are completely at ease with the emerging digital world. At the other end of the spectrum are the elderly, a proportion to whom this new technology is confusing and even frightening.

The TDR is available to all customers of participating companies but a special watch is needed to identify sharp practices which are often directed against the vulnerable and the old. For example, what to a young tech savvy teenager might appear to be an amateurish try-on, to a trusting 80 year-old can be viewed as a plausible offer. When the TDR scheme agent identifies practices that are against the interests of consumers, particularly the most vulnerable, they are classified as systemic and are brought to the attention of the Council. If there is an on-going issue then a position statement may be published. These statements provide guidance to all scheme members. Examples of systemic issues are given elsewhere in this report.

An important measure of the scheme's success is the level of satisfaction consumers have with it. Surveys have given a net promoter score (NPS) +84 (NPS is calculated by subtracting the proportion of 'Detractors' from 'Promoters' see page 19) which demonstrates an exceptionally high opinion of the service they received. This is a credit to the professionalism of the FairWay team. Of course, there will always be complainants who are unhappy when a decision doesn't go in their favour. There is no appeal against formal determinations but the door is always open for disgruntled people to pursue their complaints through New Zealand's court system.

Finally, my thanks to fellow council members and the administrative team for their clear thinking, hard work and willing support over the year.



**David Russell**

Chair TDR Council

## Scheme Director's report

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Satisfaction with the scheme among our members' customers remains very high. We invited everyone who contacted our service to complete a survey questionnaire. 88% of respondents expressed satisfaction with the overall service. This is in no small part due to the quick and cooperative action of our scheme members in dealing with enquiries brought to TDR by their customers, and they are to be commended for that.

One area for improvement typically mentioned by satisfaction survey respondents, with which we agree, is that awareness of the scheme needs to be better promoted. While awareness has increased, the value of the TDR to the industry would grow if more people knew about it. Providers are increasingly recognising that the scheme effectively promotes customer retention and loyalty, thus reducing the enormous cost of churn. However, some of our members are still reluctant to advertise the scheme too vigorously, and it is disappointing that their information about TDR is either non-existent, or difficult to find.

During the year the volume of enquiries received was 18% up on last year, and at 1,938, the highest number since 2010 and the second highest since the scheme's inception in November 2007. This is probably the result of efforts to improve awareness using mostly online and social media promotional activity such as regular website updates, Facebook posts and Google AdWords. We have also spoken to a number of community organisations (such as Citizens' Advice Bureaux and Community Law Centres) throughout the country.

Our website is by far the largest source of referrals to the scheme. We accordingly made a decision to invest the bulk of our annual promotional budget upgrading the platform and making the site 'mobile friendly' so as to improve ease of viewing on mobile devices and to elevate the site's prominence in Google search results. Visits to our website have increased steadily from 1,700 per month in July 2014 to 2,300 in July 2015. 40% of enquiries are received online and 60% by telephone using our Freephone number.

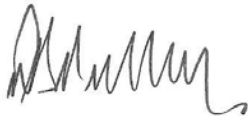
Consolidation within the industry during the year has seen two providers depart as scheme members in their own right: CallPlus purchased Orcon and 2Degrees purchased Snap. In addition, Woosh resigned as a member during the year, and subsequently sold its customer-base to CallPlus. This rearrangement of company structures has, however, not resulted in any reduction in TDR scheme coverage, as the customers of all those companies still have access to the scheme.

The Multi-unit Complexes (MUC) Dispute Resolution Code did not yield any enquiries during the year. Government and the New Zealand Telecommunications Forum (TCF) are presently re-examining the process, with a view to possibly expanding its jurisdiction and making it more accessible. The TCF is also reviewing the Customer Complaints Code so as to ensure that it operates efficiently and meets the needs of scheme members' customers.

We identified a number of systemic issues. Some of them were peculiar to individual scheme members, and were raised individually with them so that they could address the causes of

complaint. Others were industry-wide issues, which were reported to the TDR council and are summarised on page 8 of this report.

As with many similar dispute resolution organisations, the TDR has unfortunately experienced an upsurge during the year in dealings with high conflict personalities. These people not only take up an inordinate amount of time, but also take their toll on our staff. I would like to acknowledge our facilitators for their resilience in tolerating some highly unpleasant and sometimes offensive behaviour.



**Derek Pullen**

Scheme Director

## TDR scheme members

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# Complaints

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**Since 1 August 2011, under the amended Customer Complaints Code, the dispute resolution process has consisted of only two phases.**

## Phase I – Enquiry and registration

TDR receives an enquiry, and gathers information from the parties in order to determine whether the complaint:

- is relevant (is about a scheme member and their telecommunication service)
- has previously been made to the scheme member and is at deadlock
- is within the jurisdiction of the Scheme to consider.

## Phase II – Investigation and resolution

If the complaint is in jurisdiction, the parties exchange statements of position. TDR then assists the parties to reach a negotiated settlement, using whatever process it considers appropriate. If settlement cannot be reached, TDR issues a final determination.

When a complaint is in “Phase II”, the process is managed by a single Complaint Resolution Practitioner.

A total of 1,938 enquiries were registered in Phase I and of those 34 issues were moved into Phase II during the reporting period.



# Systemic issues

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We classify an issue as “systemic” when we receive more than one enquiry about the same problem. We identified three such issues during the course of the year.

## 1. Charging for paper invoices

The first related to the introduction of charges for sending ‘paper invoices’ to customers through the post. Initially the enquiries related to only one scheme member, and the issue was raised with that member at the time. However, the enquiries subsequently extended to three other scheme members.

Customers were told that they could avoid the charges by electing to receive their invoices via email. However, many said they wished to continue to receive them through the post. Even though the monthly charge was small, customers typically expressed the view that it was an unfair charge.

Two of these cases were the subject of decisions issued by TDR’s adjudicator.

The first decision was that, under its specific terms and conditions, the scheme member was entitled to charge customers for the administrative cost of posting the invoice.

The second decision came to a different conclusion, and ruled that imposing a new charge during the term of a minimum 2-year plan was not fair in all the circumstances.

The difference between the two cases was that the first customer was not on a minimum-term plan, and the terms and conditions enabled the provider to impose new charges. The second customer, on the 2-year plan, was entitled to expect that the charges for the service would remain unchanged for the term of the plan, and that the introduction of a new charge during the 2-year term was therefore unfair.

## 2. Non-availability of broadband

We received a number of calls from people who told us that after moving to new premises, they were unable to get broadband services because of a lack of available ports in the cabinet serving the area. They were put on a “waiting list”, with no idea when a port might become available. Availability depended on someone else with a port in the cabinet disconnecting their service, or on an upgrade to the cabinet.

The essence of the complaints was that people were initially told that broadband was available in the area, but were not told that this depended on the availability of a port in the cabinet. They therefore made the decision to move to the new premises fully expecting to receive broadband services and altogether unaware that broadband or other phone services might not be available. Because broadband is sometimes critical to their businesses or private lives, they say that had they known the situation, they would not have chosen to

move to those premises. Some reported having to contract satellite broadband services, which they were unhappy with.

These callers were asking for the information about the availability or otherwise of a port in the cabinet to be made known before the move, so that they could take this into account in deciding whether or not to proceed with the move.

TDR reported this issue to the TDR council. The council's chair raised it with the relevant industry players, who gave the assurance that the issue had been dealt with and would only possibly recur in rural areas or in new property developments on the fringes of urban areas.

### 3. Systemic issue – service transfers

Issues relating to service transfers have been previously reported as systemic, and continue to surface from time to time.

The usual situation is that:

- Once the transfer has been completed, the customer receives further charges from the losing provider that they did not anticipate
- The customer receives an invoice for early termination fees
- The transfer of services between the two providers is not seamless.

The customer will variously raise the complaint against either the losing provider or the gaining provider, depending on who they consider caused the problem. However, often the cause of the problem is the actions of the other provider against whom no complaint is made.

As an example, the customer transfers from Scheme Member A to Scheme Member Z, but later receives an account for further charges from Scheme Member A. The customer may challenge the ability of Scheme Member A to raise that charge, and it may report that Scheme Member Z advised them that they (Scheme Member Z) would do everything needed in relation to the transfer and that the customer did not need to do anything. In this example, there could potentially be a valid complaint against both scheme members. The issue for Scheme Member A would be whether the contract allowed for further charges to be raised, and for Scheme Member Z whether they provided the correct information to the customer - such as the need to check charges from the losing provider, and advising they would do everything for them.

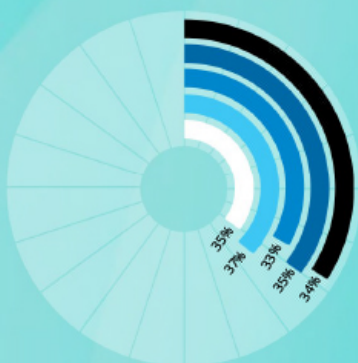
We took the view that these complaints could be better managed and proposed to the TDR council that when TDR receives these “transfer” complaints, we should join both the gaining and losing providers as parties to the dispute so that we could consider the complaint holistically.

The TDR council agreed to refer the proposal to a TCF working party reviewing the Customer Complaints Code, for consideration.

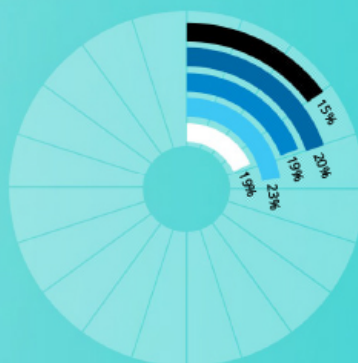
# TDR issues resolved by category

Billing and credit issues at 34% still remain as the largest category of issues resolved with customer service at 17% and faults and contracts at 15% of issues resolved.

## Billing/Credit



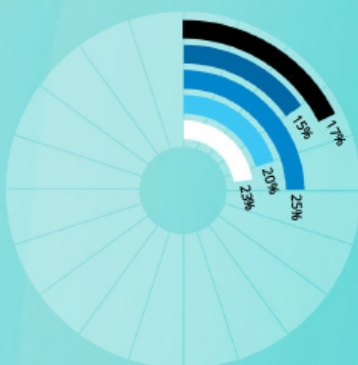
## Faults



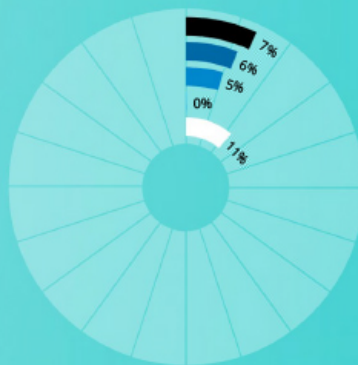
## KEY

- 2014/15
- 2013/14
- 2012/13
- 2011/12
- 2010/11

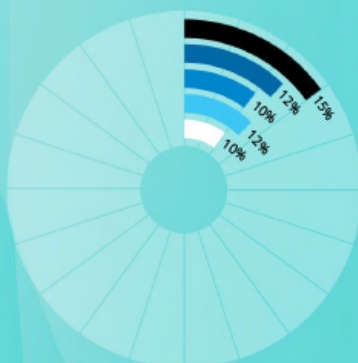
## Customer Service



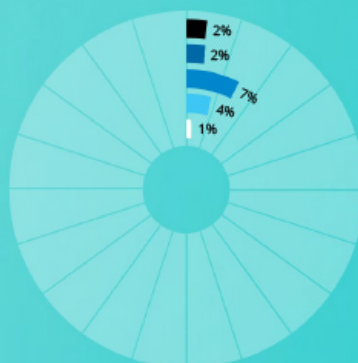
## Network



## Contracts



## Transfers



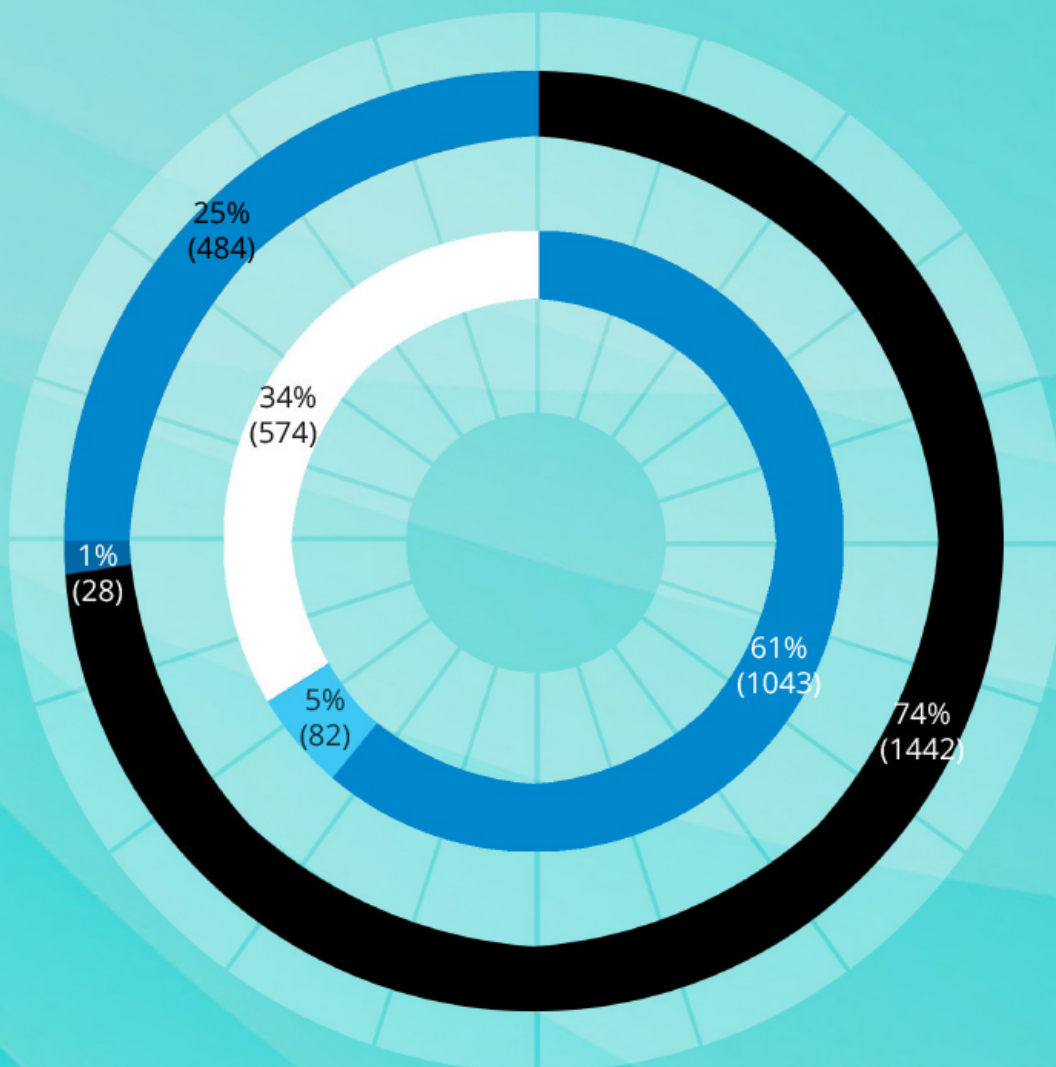


# Non-relevant enquiries

This year we have seen an increase in the number of complaints (1442 as compared to 1043 in the 2013/14 year) from customers who had not previously contacted their communications provider prior to contacting TDR.

The numbers of complaints about non-members of the scheme has continued to reduce; this year down to 28 enquiries from 82 in 2013/14.

A further reduction was seen in the number of complaints that were found to be outside of jurisdiction. In 2013/14 we received 574 of these complaints and this year we received 484 complaints.



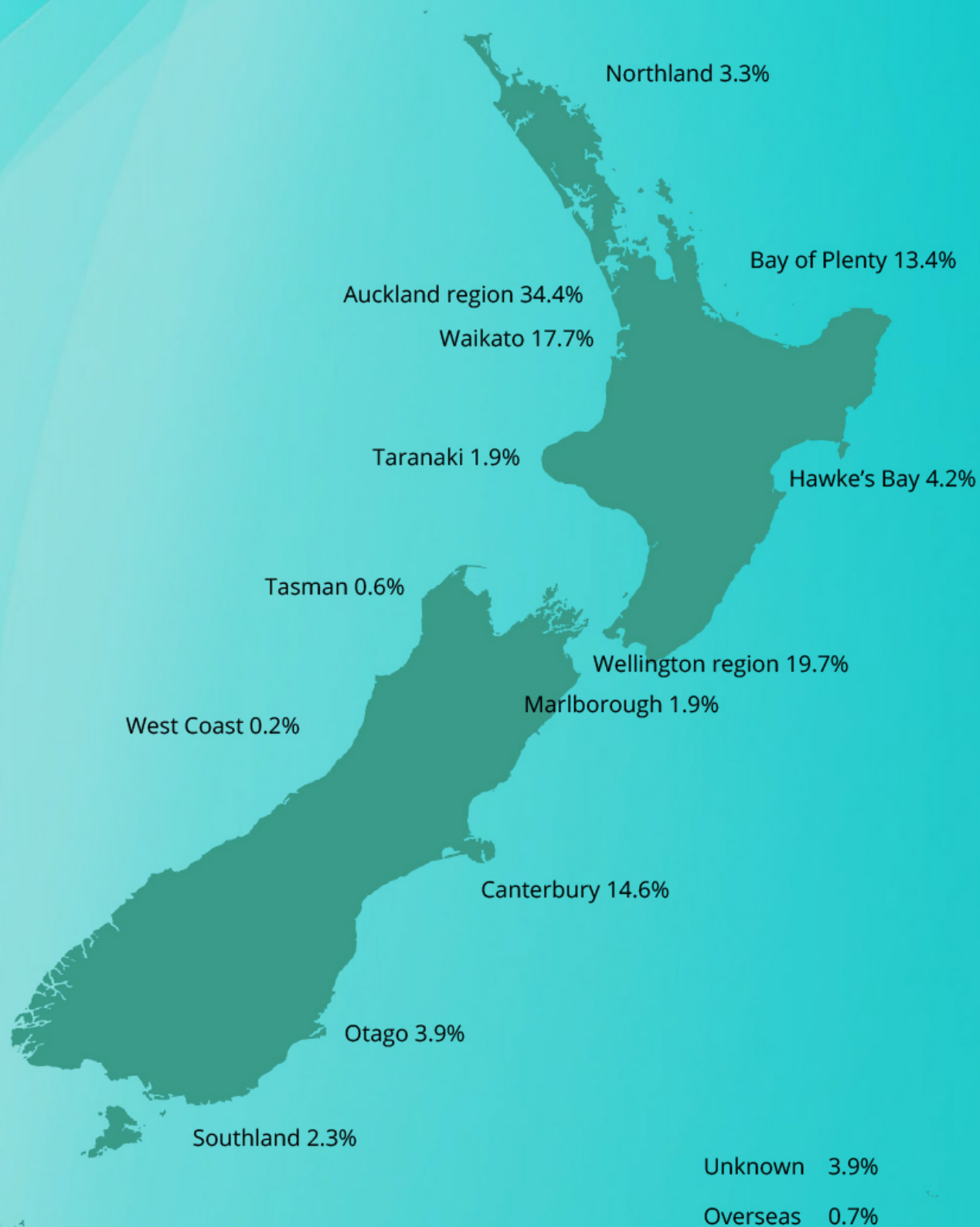
2013/14

2014/15

- No formal complaint registered with provider
- Complaints about non-members
- Complaints outside of TDR jurisdiction

- No formal complaint registered with provider
- Complaints about non-members
- Complaints outside of TDR jurisdiction

# Location of complaints





# Source of referrals to facilitators

	2013-2014		2014-2015
1	Found on web 916	Found on web	990
2	Phone book 96	Scheme member advice	188
3	Word of mouth 96	Word of mouth	145
4	Citizens Advice Bureau 79	Citizens Advice Bureau	126
5	Scheme member advice 60	Phone book	107
6	Consumer NZ 52	Consumer NZ	74
7	Commerce Commission 36	Commerce Commission	60
8	Fair Go 19	Other	21
9	Community Law Centre 13	Community Law Centre	13
10	Other 8	Fair Go	0

## Website statistics

The number of visits to the TDR website has continued to grow in the 2014/15 year; both unique visitors and total website visits have increased by 32% and 28% respectively. An increasing number of visits to the website are coming from mobile devices users. In August 2015 we saw the visitor numbers using mobile devices increase to 27% of all visits.

Website Statistics	2013/14	2014/15	Change
Mobile Users as % of all visits	17%	22%	
Website Visits	18885	24178	28%
Unique Website Users	13753	18164	32%

A pleasing aspect of the growth in website visits is the significant increase in direct visits and to a lesser degree the increase in organic search numbers. These increases reflect the higher profile the TDR scheme has achieved through the use of social media channels and advertising such as the Whanganui / Palmerston North campaign.

Breakdown of visits to website	2013/14	2014/15	Change
Referrals	5581	5549	-1%
Direct Visits	3777	6747	79%
Organic Search	8098	10867	34%

A review of the number of visitors to the website (compared to the previous financial year) that have come via another source such as a link from other websites or social media channels is tabled below.

Referral Visits to Website	2013/14	2014/15	Change
Consumer Affairs	1278	1678	31%
Telco 1	917	1022	11%
Social Media	212	480	126%
CAB	335	310	-7%
TCF	77	194	152%
Telco 2	135	151	12%
Telco 3	509	130	-74%

## Case studies

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### Customer seeks the removal of debt collection fee

The customer switched her mobile phone service from Company Z to Company A. The cancellation of her contract with Z meant that she owed \$760 to Z for a mobile phone that had been provided. She did not dispute owing this amount.

In October 2014 the customer received an email from Z with a link to her online account, which set out the amount of \$760 owing. The email indicated that payment was required before 31 October 2014. However, the customer was unable to view the bill, as Z had disabled online access to her account due to the cancellation of the mobile phone service. As a result, the customer did not pay the amount outstanding. She intended to go into one of Z's stores to pay, but forgot.

On 16 November 2014 the customer received a reminder email in respect of the bill. As she had lost her wallet (including her credit card and driver license) just prior to this date, she had to wait until 18 November to pay. On that day (18 November), she received a text message from a debt collection agency stating that the debt was 18 days overdue and that a collection fee of \$190 had been added to the amount owing and due. Her credit rating was also downgraded.

The customer approached the TDR service and complained that although she acknowledged owing an amount to Z, she had had no contact from Z other than the two emails providing a link to an account that she could not access. She was therefore unable to view the bill. She considered that Z acted too hastily in referring the matter to debt collectors. She sought removal of the debt collection fee and the credit default affecting her credit rating.

The dispute went to mediation and the parties reached agreement. The terms of the agreement were that, by a specified date, Z would credit the customer's account with the sum of \$190 (the collection agency's fee) while the customer would pay the outstanding balance. The dispute was accordingly resolved by agreement between the parties, assisted by a TDR mediator.



## Data usage charges

The customer considered he had been charged excessively for data-usage after his provider, J, installed VDSL (broadband that is faster than ADSL). Prior to the VDSL installation, he was using between 10 and 15GB per month. After the installation, this soared to 200GB per month even though his usage patterns remained the same.

He complained to J, who said he should get a technician to check his equipment – at his own expense. He did this, and the technician reported that the customer's equipment was not responsible for the high data-usage. The customer sought a credit of the difference between the cost of his normal data-usage and the higher data-usage subsequent to the VDSL installation.

J did not accept the report, and stated that there was no problem with the VDSL service or its data reporting system.

The customer contacted the TDR scheme. Early attempts to settle the dispute were not successful, so the dispute was referred to mediation. The parties negotiated an agreement in terms of which the customer agreed to pay \$752 of the \$1284 billed, while J agreed to credit his account with the balance of \$532.

As with the previous case, the dispute was resolved by agreement between the parties, assisted by a TDR mediator.

## Service Level report

### TELEPHONY SERVICE LEVEL INDICATOR

# 95.9%

## ANSWERED CALLS

Percentage of calls answered within target 80% within 20 seconds.

# 1.9%

## ABANDONED CALLS

Percentage of calls abandoned.

The TDR Scheme received a total of 5,055 calls in the 12-month period, a total of 4,849 were answered within the target time of 20 seconds.

### EFFECTIVENESS / QUALITY

Effectiveness/Quality	Target %	Achieved %
Jurisdiction Checks	95%	93.0%
Enquiry and Registration Phase	95%	100%
Investigation and Resolution Phase	95%	100%
Final Determination Phase	80%	100%

#### Jurisdiction Checks

Scheme member replying to Scheme Agent within 3 hours of jurisdiction check.

#### Enquiry and Registration Phase

Receiving complaint and completing summary of dispute within 24 business days.

#### Investigation and Resolution Phase

Issuing final determination or mediated agreement within 27 days of receiving summary of dispute.

#### Final Determination Phase

From issuing final determination to closing dispute within 30 business days.

## Stakeholder survey and feedback

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### Stakeholder satisfaction

	2013/14	2014/15
Member satisfaction rating Target 90%	60%	67%
Complainant satisfaction rating Target 90%	62%	88%

### Propensity to recommend TDR

TDR scored a NPS of **+84**

The Net Promoter Score (NPS) was developed to use as a measure of customer loyalty. Respondents are grouped into three segments (Promoters, Passives and Detractors) based on their reported willingness to recommend the organisation in question. The NPS score is calculated by subtracting the proportion of Detractors from the Promoters.

## Complainant feedback

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Complainants expressed their agreement/satisfaction with TDR staff as follows:

*“(Staff member) was so lovely and understanding and FAST also got back to me - resolved, let her know when I received the letter from my provider re: resolution.”*

*“As a result of my contact I received a satisfactory outcome with the provider.”*

*“I was very impressed with the manner in which my complaint was treated. Thank you.”*

*“I am super happy. If it hadn't been for TDR, I don't think my dispute would have been resolved.”*

*“In my case TDR did as good as job as (telco)allowed them due to their slack replying as they had done to me. TDR did not let go but maybe a little more bite would have got there quicker.”*

## Contact details of scheme members

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If you have any questions or concerns about your current services and would like to discuss them with your service provider, or you would like to sign up with one of the companies that belong to this Scheme, please see their contact details below:

2degrees	0800 022 022
CallPlus	0800 895 000
Chorus	0800 600 100
Compass	0800 640 840
Enable Networks Limited	0800 4 FIBRE (0800 43 42 73)
Flip	0800 60 SALES (0800 60 72 53)
Northpower Fibre	0800 667 847
NOW	0800 GET NOW (0800 43 86 69)
Orcon	0800 131 415
Primo Wireless	0800 123 PRIMO (0800 12 37 74)
Skinny	0800 4 SKINNY (0800 475 4669)
Slingshot	0800 892 000
Spark	Call 123 or *123 (mobile)
TNZ Group Ltd	0800 000 860
Ultrafast Fibre	0800 FIBRE LTD (0800 34 27 35)
United Networks	0800 442 015
Vodafone	0800 800 021 Customers formerly with TelstraClear 0508 888 800