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○ ISSUE 7 | ○ SEPTEMBER | ○ 2014

### Christmas hours

TDR will be closed from  
25th December 2014  
and will reopen on 5th  
January 2015.

# TDR Newsletter

## INTRODUCTION

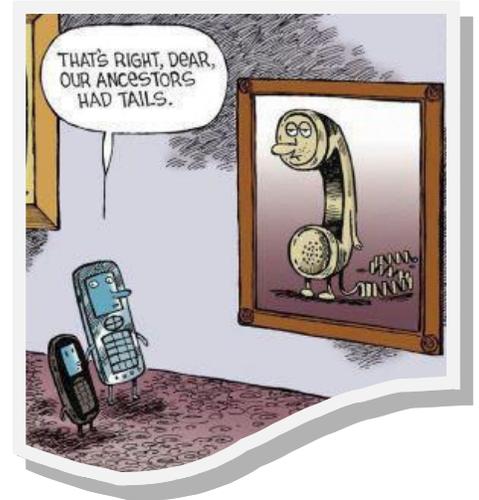
Welcome to the Spring edition of our Newsletter. Have you noticed that some stores already have their Christmas decorations up?

In this issue, we have pleasure in introducing you to Michelle Clements from Snap, and to our own Aisha Dean (see page 2).

Chances are you've already had a look at the cartoon alongside. The case study in this issue (see *Adjudicated Decision* on page 4) is a story of our times, in which the technological knowledge gap between digital natives and digital migrants is gaping — mum has to ask young son to explain the technical issue to the trouble-shooter (see also Michelle's experience in this regard). And yes, some of us do remember a time when all telephones had tails!

Many of us have been dealing with abusive customers in recent times. They take their toll on our staff, just as they do on yours. We came across an expert who argues that customers are not always right, and that we can and should part ways with those who are abusive. We have summarised his article for you below.

We have also summarised the changes to the Fair Trading Act for you, the first in a two-part series covering amendments to our Consumer Law. The second part, in the next issue, will deal with the Consumer Guarantees Act.



## BAD CUSTOMERS ARE BAD FOR THE COMPANY'S CULTURE

What happens when the customer is not right?

### The customer is NOT always right!

But, they are always the customer. So if they are wrong, let them be wrong with dignity and respect.

It's okay for customers to be misinformed or make a mistake. However, sometimes the customer is not only "not right", they are abusive and disrespectful toward the people who are trying to do their best to help them, our employees.

The short version of an old Southwest Airlines story is that a passenger kept writing to the airline about how unhappy she was. She didn't like the boarding process, not having an assigned seat, a small bag of peanuts rather than a meal and more. After a number of letters, one of them finally made its way to Herb Kelleher, the CEO of the airline. He took the time to respond. He wrote:

*We're going to miss you. Love Herb*

## BAD CUSTOMERS ARE BAD FOR THE COMPANY'S CULTURE CONTINUED...

This simple response sent a clear message to the customer: We appreciate you, but its not working out. It also sent a message to the employees. We appreciate you, and we value you to the point that we're willing to put you ahead of the customer.

### Some customers aren't worth doing business with!

In other words, it's okay to fire a customer - certain customers! Abusive and disrespectful customers can bring down the morale of the company. They can take the fulfilment out of the employees' jobs. They can suck the positive energy out of the culture. They put employees into a bad mood. And, they can make it bad for the next customer.

A company's culture that evokes *the customer is always right* rule is just fine until the customer is wrong to the point of being abusive. Then it creates a dilemma for the employee. It gives a customer the advantage in that they can bully an employee, pushing them to a point of being very uncomfortable. It makes an employee apprehensive about what is the right or wrong thing to do. It can take away an employee's dignity and self-respect. It can also cause an employee to lose respect and resent his or her manager and even the company.

The customer is *not* always right. And some customers aren't worth doing business with. It's okay. Toxic customers may be bad for you and your company's health.

### Reference

Adapted from a blog post by Shep Hyken, a customer service expert, professional speaker and New York Times bestselling business author

**Note:** TDR has the discretion to decline complaints if the customer has been or is being abusive, either to TDR staff or to Scheme Member staff. Refer to clause 19.11(b) of the Customer Complaints Code. Unfortunately, TDR has on a number of occasions had to invoke this clause.



## INTRODUCING AISHA DEAN, TDR FACILITATOR

Aisha joined ACC in 1989, having enjoyed working in a number of different roles prior to that. For the last fourteen years Aisha has been working for FairWay (formerly Dispute Resolution Services Limited) as a Resolution Coordinator facilitating resolution of ACC disputes.

In November last year, Aisha was given what she considers to be a wonderful opportunity to join the TDR team as a Facilitator. She finds the role varied and challenging, and has thoroughly enjoyed working with TDR scheme members and their customers.

Aisha prides herself on providing excellent service to each and every customer and scheme member she deals with.



## SCHEME MEMBER PROFILE

MICHELLE CLEMENTS - SNAP



### How did you get into the Telecommunications Industry?

I've always been a nerd of some description, but the turning point was when I was studying for a Bachelor of Applied Science and took a semester off to do something more fun! After completing my Computer Technicians certificate (only girl and top of the class - that was super fun!) I decided to carry on into the Bachelor of Engineering Technology and was headhunted to work at Snap.

### Tell us the most amazing question/challenge you have had in dealing with a customer

It always amazes me when you are patiently helping a customer through their set-up and they ask if its ok to put you onto their son/daughter as they will be quicker at all this techno-mumbo-jumbo, and then the child is like six years old!

### What do you see as the next step in social media for the Telecommunications industry?

Who knows? Social Media is changing so rapidly, and telecommunications companies are all using it in very different ways. I wouldn't be surprised if within the next 12 months we see a new 'favourite' platform emerge.

continued...

## FAIR TRADING ACT CHANGES

Over the past few years, the Government has been working on amendments to a wide range of legislation that forms the body of consumer legislation in New Zealand. In terms of our day-to-day work, the most common pieces of legislation we apply are the Fair Trading Act 1986 (FTA) and the Consumer Guarantees Act 1993 (CGA). The FTA regulates conduct pre-sale, and the CGA post-sale.

The purpose of this article is to highlight some key changes in the FTA that may impact of your work in the telecommunications sector. We will update the changes to the CGA in the next newsletter.

### Unsubstantiated representations

From time to time, products and services are sold with questionable representations as to their benefits. This amendment makes it unlawful for a person in trade to make a representation about a good or service *“irrespective of whether the representation is false or misleading”*, unless there were reasonable grounds for making that representation. This is a high bar, and it means that even if the representation is correct, it will be an unsubstantiated representation unless the person can prove they had reasonable grounds for believing it was true. There is an exception, where a reasonable person would not expect a particular representation to be substantiated.

### Uninvited direct sales

This relates to sales of products worth more than \$100.00, or where the exact price cannot be ascertained, and will apply when:

- a) The negotiation takes place in each other's presence in the consumer's home or workplace, or by telephone, and
- b) Where the consumer did not invite the seller.

Uninvited direct sales are still lawful, but there are some fairly strict requirements that must be met by the seller, and those include:

- ⇒ Agreements must be in plain English and easy to follow.
- ⇒ There must be a clear description of the goods and services to be supplied.
- ⇒ Information must be provided both orally and in writing on the consumer's right to cancel the agreement within 5 working days.
- ⇒ A copy of the contract must be provided to the consumer at the time, or if the sale is by phone, then within 5 working days.
- ⇒ Cancellation of the contract can be made orally or in writing.
- ⇒ If the contract is cancelled, the seller must refund all the money paid by the consumer. However the consumer may be liable to pay compensation if the goods are damaged beyond ordinary use of the goods.

### Extended warranties

Extended warranties are a commonly offered as an accompaniment to the sale of goods. There has been some criticism over time that many extended warranties do not provide the consumer with much more benefit than they would have gained under the CGA automatically, and at no further cost.

The FTA now has a number of requirements which must be met when extended warranties are sold, relating to information being provided to the consumer, including:

- ⇒ All extended warranties being provided to the consumer in writing at the time the warranty is entered into.
- ⇒ The seller giving a summary of the rights the consumer would already have under the CGA, compared with the rights which would be received under the extended warranty.
- ⇒ The right to cancel the extended warranty within 5 working days.

If the consumer wishes to cancel an extended warranty, it can be done either orally or in writing. If cancelled, all money paid for the extended warranty must be refunded to the consumer. Cancellation of an extended warranty will not affect the underlying contract for the good or service.

There is an exception when the extended warranty is a condition of a consumer credit finance agreement, in which case the consumer is not able to cancel it.

### Penalties

There has been an increase in the maximum penalties for a breach of the FTA, to \$200,000 for an individual, or \$600,000 for a corporation.

## SCHEME MEMBER PROFILE CONTINUED...

**What is the most technological development that has occurred in the residential Telecommunications market and why?**

I would say the move to UFB because it provides a high quality, reliable and expandable final leg of the telecommunications network, with lower overall maintenance costs than the existing copper and cable networks. It also provides an opportunity for service convergence – i.e. a single UFB connection can deliver TV, Internet, Business WAN and Voice to your home all in one!

**What are your interests outside of work?**

I have a 2yr old Kelpie/Staffy girl who keeps my feet warm whilst I play online games, (mostly DOTA2 lately) and I also love to cook, I make everything from scratch and like to come up with new recipes.

A reminder of the 2014  
TDR operational  
meeting dates:

8th October at 9am  
10th December at 9am

## ADJUDICATED DECISION

### Liability for costs incurred on account

The customer had an 11 year old son. As is often the case when different generations grow up with vastly different technologies, the son had a better understanding of the technical issues the customer was experiencing with her smartphone. The customer therefore asked her son to speak to her provider's technician when she called to report the issues.

Following this telephone call, and unbeknown to the customer, the provider added her son as an authority on her account. The effect of this was that the provider would accept that the son could act on his mother's behalf in relation to the account, including changing the terms of the contract and taking out new services. The customer agreed some years later to purchase a cell-phone for her son on her account. However, without her knowledge or consent, her son subsequently purchased a new, upgraded phone and also a mobile broadband device on her account. He was

able to do this because the provider regarded him as having authority on the account.

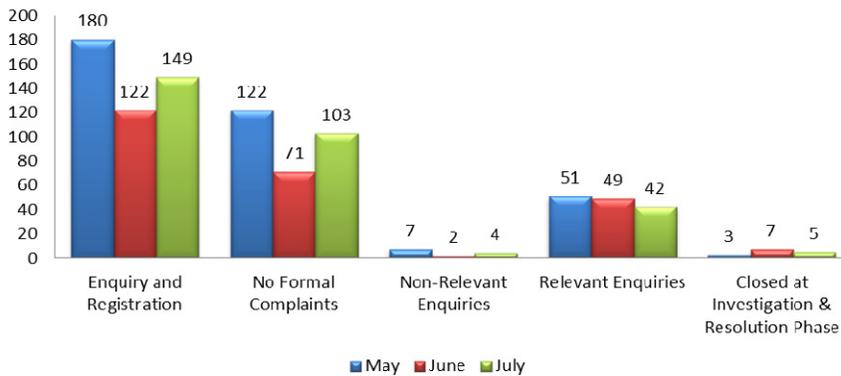
The customer was surprised at the charges on her bill, and challenged her provider for allowing her son to incur these costs. She confirmed that she was unaware that her son had been authorised on her account, and that she had never given her consent. She stated that the sole reason for him speaking to the technicians on her behalf was that he was better able to explain the technical issues.

The TDR Adjudicator decided that under the Minor's Contract Act 1969 the provider was not lawfully able to confer authority on the account to the customer's son. As the customer had expressly authorised the purchase of the cell-phone for her son, she was liable for its cost. However, the adjudicator ruled that she was not liable for the cost of the upgraded phone or the mobile broadband service.

## QUARTERLY STATISTICS

### May - July 2014

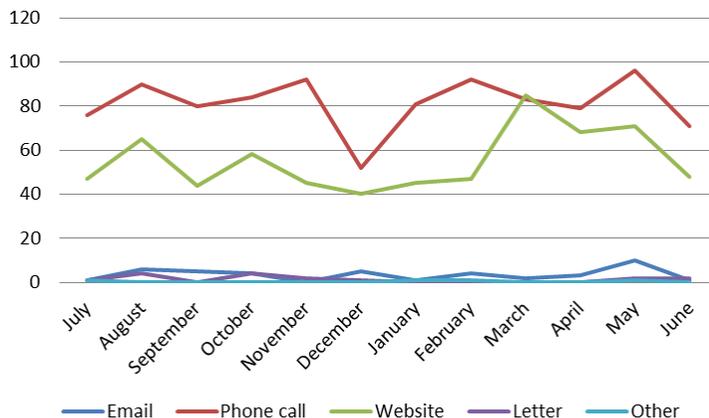
Below are our statistics from May - July 2014. For more information on what each of the bar charts below measure, please refer to page 16 of the [2012-13 TDR Annual Report](#).



## YEAR STATISTICS

### July 2013 - June 2014

Below are our statistics on how our enquiries were received from July 2013 - June 2014. Most enquiries still come in by phone, although this might be overtaken by online enquiries in the near future.



## SCHEME MEMBERS



AWACS

