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Credit Recovery

TDR Newsletter

"So I rang up British Telecom, I said 'I want to report a nuisance caller', he said, Not you again"

Frank Carson

TDR WELLINGTON TEAM PROFILE

Derek Pullen—Manager TDR

The Manager TDR has overall responsibility for Delivery of the TDR service and works collaboratively with the TDR Council and Scheme Members to accomplish this.

Christina Yee, Dawn Vinall and Pamela Padman— Facilitators

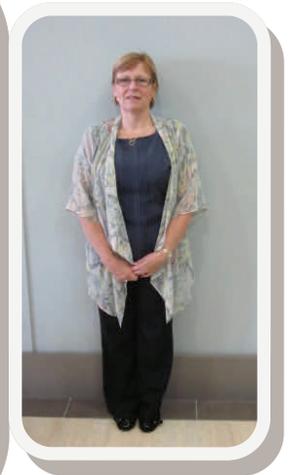
As facilitators our role is to provide a customer with the means to have their complaint escalated, or if it is at deadlock to provide a process where it may be resolved. This can be through mediation or an independent adjudication if no agreement has been reached.

Rex Woodhouse—TDR Adjudicator

Rex oversees the adjudicative side of the TDR Scheme. He works closely with the TDR Facilitators, Complaint Resolution Practitioners, Scheme Manager and Scheme Members, with respect to the day-to-day operation of the complaint resolution service.

Edward Zhang—Data Analyst

Edward collates data and updates and maintains documentation. He also provides regular and ad hoc reporting.



Pamela Padman

From left to right: Rex Woodhouse, Derek Pullen, Edward Zhang, Dawn Vinall, Kate Shearer, Christina Yee

Kate Shearer—Personal Assistant

Kate provides administrative support to the TDR Manager and TDR Adjudicator. Kate is also responsible for updating the websites and internal intranet.

MEDIATION ARTICLE

Commentary upon Mediation in the TDR portfolio— An introduction into Complaints Resolution Practitioner (CRP)

Mediation is not as pronounced in the New TDR Code that was launched 18 months ago.

Before then, from 2007, the TDR dispute resolution model had a separate mediation process before the dispute went to Adjudication—a pure form of mediation with a non-binding recommendation at the end—if settlement wasn't achieved.

Traditionalists would say that today's Med' Adjudication formula isn't as effective for mediated outcomes—although many of us (mediators) still do our level best in the first two thirds of the process to achieve the mediated outcome. The final third specifically addresses the task of determining the outcome by judicial merit apportionment (making judgments on the evidence presented).

To think of it, according to the statistics for the TDR

process, most, if not all matters referred to Med' Adjudication in the last year or so have been settled before Adjudication was called for!

The Med' Adjudication is based upon the Disputes Tribunal (DT) model of 'Med Arbitration' (MedArb) - the two being alike except in name.

Those attending Disputes Tribunal hearings will therefore be familiar with the TDR Med Adjudication model.

The practitioners undertaking this role for TDR—the 'Complaint Resolution Practitioner' (CRP) - are often former DT 'Referees' and are therefore well accustomed to the role.

In a separate article we will delve into the 'nooks and crannies' of the CRP role—in the interim see the [TDR Website](#) and learn more.



CASE STUDY

Surprise 'Online Gaming charges' using a mobile phone

A customer received two high dollar accounts for some 'online gaming time' on his mobile phone (\$600 and \$303) that he believed he had not accessed or used.

The situation was that the customer/father, while driving his son home from school one day became aware that his son had accessed an 'online gaming site' via the father's mobile phone. The phone was quickly switched off and removed from the son's reach thereafter—but charges continued to appear on the mobile phone account.

The dispute between the telecommunication company (the Telco) and the customer, regarding these unpaid accounts, was referred to a specialist TDR 'Complaints Resolution Practitioner' with mediation skills.

With the assistance of the Resolution Practitioner, the Telco and customer confirmed the 'Terms and Conditions' contract that they had agreed to when the customer bought the mobile phone. One aspect of that contract was that the account holder is responsible for all charges incurred by the customer or anyone using the customer's mobile phone (including an underage 'child' minor).

The customer explained that someone must have been using the phone without his knowledge and or permission and that that person had probably "signed up" to a Premium Text (online gaming) Messaging service (PTM). The Telco confirmed that such a service was a separate contract and beyond the control of the Telco.

The Telco advised that they merely 'on charged' the service fee from

the PTM service to the customer. The Telco provided the customer and mediator with a detailed list of the duration and dates/times of all calls connected to the PTM service. These amounted to almost \$1,000.00 over a 3 month period.

Following detailed discussions hosted by the mediator regarding the online gaming charges, the customer offered, as a way to settle the dispute, to meet half the disputed costs with immediate payment.

As a goodwill gesture the Telco agreed to 'waive' the other half of the charges.

The customer was now much better informed and more careful about keeping close control over his phone. The Telco is putting in place procedures to make sure charges more transparent and obvious.

EARLY NOTIFICATION PILOT UPDATE

The Early Notification Pilot was implemented to evaluate a change in process. TDR notified Scheme Members of complaints received from Customers, which might not have been notified at that time as either a complaint had not been lodged with the Scheme Member, or it was not at deadlock.

The intention was to allow the Scheme Members the opportunity to contact the Customer to resolve the dispute early. So far, TDR has yet to receive any negative feedback on this pilot from either Scheme Members or their Customers. Rather the feedback has been universally very positive. TDR is keen on early notification of issues from Customers, as a fast resolution of dissatisfaction is in everyone's interests.

We are in the process of obtaining formal feedback from Scheme Members on the pilot, which will be provided to the Council at the next regular meeting.

However, the pilot has been so successful, we will continue providing early notification of complaints pending the outcome of the review, and obtaining Councils direction on whether to formally continue with the process change.

COMPLAINT HANDLING

The Value of a Cracking Good Complaint Department

The 'complaint department'

Dispute resolution in organisations was traditionally characterised by benign neglect from senior managers and decision makers who may have concluded that there was little to be gained from getting too close. A prime symptom of this logic is that a complaint department is always a cost centre. According to this view, complaints are negative commodity which erode profit, sap morale and divert attention. Inevitably, this meant leaving dispute resolution to the lawyers.

Value of good dispute resolution

Of the many "complaint benefits" that have since been identified, the following offer good argument to support that complaint handling could be conceptualised as a profit making, rather than a loss making exercise.

- ⇒ Communication benefit—several studies indicate that effective service recovery can lead to significant positive word of mouth (WoM) benefits. This is critical as post-complaint WoM is particularly potent given that the speaker acts as the ambassador of their own experience and thus is a persuasive conviction marketer. Importantly, positive WoM will often take the form of 'recommend intention' i.e.—customer advocacy.
- ⇒ Retention benefit—a demonstrable effect of expert complaint handling is, stabilising a jeopardized relationship through improved customer retention and exploiting win-back opportunities. Coupled with the fact that the loss of customers weakens the organization and strengthens competitors, retention must be a strategic imperative.
- ⇒ Repurchase benefit—where a complaint has been resolved very effectively, the outcome will be significantly intensified satisfaction and increased loyalty is a better predictor of profitability than market share.
- ⇒ Information benefit—a successful complaint or feedback department will be a significant contributor to continuous improvement in products and services, as well as internal systems through sophisticated reporting on complaint data.

It is easy to identify the equivalent costs on ineffective process. Good dispute resolution is thus a profit-generating activity.

The effect of dissatisfaction

Customers know and expect that service failures will occur. The problem arises, however, when the response to the service failure doesn't match or exceed the customer's expectations. Sometimes this dissatisfaction will be latent; at other times, particularly if a critical incident has occurred, the dissatisfaction will be overt. If you don't have a structure or philosophy that encourages fair treatment and fair process, all the money in the world will not make for a happy customer.

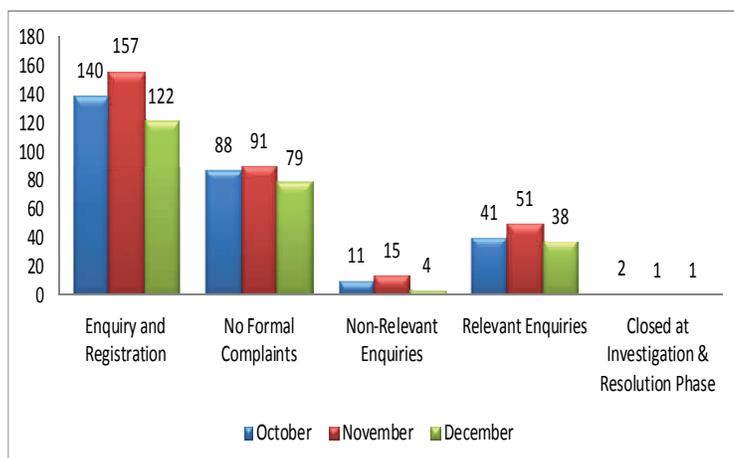
Excerpts taken from an article written by Dr Brendan French, General Manager, CBA Group Customer Relations 15 January 2013 for Socap (www.socap.org.au)

QUARTERLY STATISTICS

October—December 2012

Below are statistics from October to December 2012.

For more information on what each of the bar charts below measure, please refer to pages 8 and 9 of the [2011—12 TDR Annual Report](#).



POSITION STATEMENT

CREDIT RECOVERY

Summary of the issue

At times, a customer may be uncertain as to whether a Scheme Member can undertake, or continue to pursue, collections action (debt collection) on accounts that are the subject of a complaint to the TDR.

Usual positions of the parties

The customer may be concerned that collections activity will occur on their account that is in dispute, and concerned that it may result in a demand for payment or an adverse credit history.

The Scheme Member may be uncertain as to whether it can commence or continue credit recovery, while a dispute is in progress.

TDR's view of the issue

The New Zealand Telecommunications Forum Customer Complaints Code requires that Scheme Members **not** "... commence credit recovery action until the (TDR) process is completed".

TDR interprets that restriction to only apply to billing disputes, and that if credit recovery has been commenced, it would need to be suspended while the dispute is with the TDR.

While Scheme Members typically have different policies regarding the time for suspending collections activity for disputed amounts, as a minimum TDR expects that collections activity must be suspended once the Customer's written complaint is received by TDR and provided to the Scheme Member. That only occurs when the complaint reaches the 'deadlock stage'. *

TDR expects and will advise the Customer to pay any amounts in the account that are not disputed.

* *Deadlock occurs in a complaint six weeks after the Customer has made a formal complaint to the Scheme Member, or earlier if the parties agree they have not been able to resolve the dispute directly.*