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Rosie Clayton
Competition and Consumer Policy
Office of Rail Regulation
One Kemble Street
London
WC2B 4AN

15 July 2015

Dear Ms Clayton,

Consultation – Complaints Handling Procedures

I am writing on behalf of Virgin Trains East Coast (VTEC) in response to the above consultation which commenced 6 May 2015. For ease of reference, this letter will address each of the questions asked in the consultation document in order.

We welcome the work being done by ORR in this area. The existing guidance has not been updated since 2005 and no longer reflects the heightened expectations of customers nor the giant strides made by operators over the last ten years.

The purpose of the guidance as drafted is clear and easy to understand. However, it may be appropriate to clarify what the purpose of a Complaints Handling Procedure (CHP) is. In paragraph 5 of the covering letter it suggests that it is a 'means by which license holders gain insight into how their business is working from the perspective of those who use their services'. We suggest this is at odds with the understanding of most operators and customers; that it is a document for use by customers to understand the process an operator must follow when handling a complaint. It is very much thought of as a passenger document.

The distinction between feedback and a complaint is something we strongly support. It is important to distinguish between the two and is something we already do. The relationships between customers and operators have evolved and this is evidenced most explicitly through social media channels. The days of customers only contacting an operator when they have a complaint are thankfully over.

Within paragraph 2.9 of the consultation document it is not clear whether the ORR is intending to import a duty on operators to identify and process complaints that are not received by the operator. Such a duty would be unrealistic given the plethora of websites out there for consumers to use. While responsible operators will no doubt take appropriate action when becoming aware of such correspondence, it is unrealistic to expect operators to robustly monitor all available social forums. Any duty must therefore be limited to when a customer has contacted the operator directly. This approach also recognises that there are times when a customer will want to place a comment on a forum but will not want nor expect an operator to

respond. One would assume the intention is only to apply to when a customer has contacted an operator directly but the wording could be made clearer to eliminate any dubiety.

Face to face immediate resolution of a complaint is usually the most satisfactory outcome for operators and customers alike. This is important to VTEC and is a message reinforced at 'Virgin Way' sessions which we are currently rolling out to all our people. One of the outcomes from these sessions will be that our people know they have the empowerment to make decisions if they are the right ones for our customers. It is hoped that such decision making will avoid the customer having to submit a formal complaint and will resolve the issue on the day rather than after the journey when it is often too late.

Where services are provided on our behalf by third party suppliers we recognise that it is appropriate for us to respond directly with our customers rather than the supplier. We agree this is the sensible approach and is a process we already follow when a customer contacts VTEC in the first instance. A customer will consider VTEC to be the service provider so it is appropriate for the operator to take ownership of such matters.

In most cases where third parties are providing services on our behalf, such as through our contact centres or security personnel, they will be in VTEC uniform or marketed as a VTEC team. The customer will therefore contact VTEC as they will not be aware it is a third party service provider. Further, for this reason, we have no formal arrangements in place to monitor or have access to complaints these suppliers may receive. However, through our contract review meetings we would expect any such issues to be raised. We believe this is a sensible and pragmatic approach that works for us but recognise this may not be suitable for all train operators where, for example, certain services are explicitly performed by a third party. For this reason we believe that such duty should be considered on a case by case basis when approving a CHP, dependent on the nature of services provided by third parties.

We support the six obligations maintained from the existing guidance (paragraph 10) and agree that these are appropriate minimum service levels.

In paragraph 16 of the document it refers to publishing separate service level commitments and the examples given in the draft guidance are all things we would expect to detail in the CHP document itself. We view the CHP document as a tool for customers to understand what the complaint process is, how an operator will deal with a complaint and how information within feedback or a complaint will be used to drive a business forwards (basically, all of the information listed in 3.65 of the guidance). While our Passenger Charter will also detail our response targets, we believe the CHP is the place to detail the process for complaint handling (as the name suggests). We will advertise separately through a comments form or on our website how to submit feedback, which is usually all the information a customer requires, but believe anything concerning the handling process should be limited to the CHP.

Again, this position will change if the ORR no longer views the CHP as a passenger facing document. However, if we do create a separate document to detail the complaint handling process (or 'service level commitments in relation to complaint handling'), there is a risk that the CHP will no longer serve a purpose (accepted it is a license condition), will lead to confusion for our customers and will be duplicating work, and therefore cost, to the industry.

In terms of organisational culture; we support the principle that having the customer at the heart of a business is critical to success. While customer complaint data is important, VTEC takes a more holistic approach to service improvement. For example, we will look at customer survey data, NPS scores, NRPS scores, customer and stakeholder feedback, any research we commission, the service offer of competitors and any new innovations on the market to make the right strategic decisions that improve the customer experience. While we welcome the section on organisational ownership and commitment in terms of guidance for operators, it will be too simplistic to focus on the outputs from customer complaint data in isolation.

In terms of customer engagement; as part of our Franchise Agreement we have a contracted Customer & Stakeholder Engagement Strategy that, at a high level, details exactly how our customers remain at the heart of our business. It is a requirement of our Franchise Agreement to comply with this strategy and again, the use of customer feedback in the sense covered by a CHP is but one channel. As above, we would therefore hope that when looking at the organisational culture documented within the CHP, such wider relationships with customers rather than specifically in relation to complaints is considered.

Within the same section we would question the use of the term 'complaints handling' in paragraphs 3.68 to 3.72 inclusive. The term 'handled' suggests to most people how a complaint has been processed so is not therefore an appropriate consideration when developing a strategic direction. Rather, for the reasons outlined above, operators should be concerned about being customer centric in their strategies or using feedback from customers and stakeholders to drive change and innovation. While I assume this is actually ORR's intention, the language used in these paragraphs suggests that we only focus on how a complaint is processed ('handled').

The section on 'Conducting a full and fair investigation' and 'Effective response and resolution' is very clear. We recognise this as the process we follow when responding to our customers, although we do acknowledge that some of the stages within the process are often completed subconsciously as a result of experience.

It is sensible to have a defined protocol between operators, Transport Focus and London Travelwatch. However, as the protocol should be industry standard we question the need for separate agreements between each operator and these bodies. It would seem appropriate to have one agreed protocol which all operators are required to sign up to (recognising individual contact names will change). The information customers are interested in (when to contact these bodies, how to contact them, how long it will take for them to respond and what to do if the customer is still not content) can then be standardised and placed in all CHPs. This would prevent duplication and unnecessary additional cost.

We support the ORR's 'minded proposal' to drop the two requirements detailed in paragraph 19.

In paragraph 4.2 of the guidance it confirms that the ORR will not only be checking compliance with the document but also whether the ORR's objective of 'continuous improvements in passengers' experience of rail' is being met by the CHP. We would be concerned if the ORR was to consider action in accordance with its enforcement policy against an operator that had complied with its CHP. It must be recognised that where the CHP has been approved by the regulator, the duty is for the license holder to comply with that policy. To do otherwise could potentially cause confusion with, or replication of, separate obligations that operators have specified within their Franchise Agreements which, as referred in paragraph 4 of the covering letter, is something to be avoided.

That said, like any responsible operator, we share the aspiration to deliver continuous improvements to our customers. This is evidenced through the ambitious plans we have to transform the customer experience over the next eight years which build upon the already high customer satisfaction levels (as measured through NRPS). While we welcome the opportunity to present these plans to the ORR, and are already communicating them to our customers through publications such as the attached Red Report, caution is needed to clearly separate the requirements of the ORR with those of funding bodies such as DfT.

In summary, VTEC supports the work the ORR is doing in this area and shares the aspiration to drive improvements for customers across the industry. While caution is required to prevent duplication with our commitments to the DfT, these can be avoided through responsible management.

Finally, we welcome any further engagement and discussion on this matter with you. If this is something that you would obtain value from, please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'MS', with a long horizontal stroke extending to the right.

Matt Short
Head of Government Partnership Working