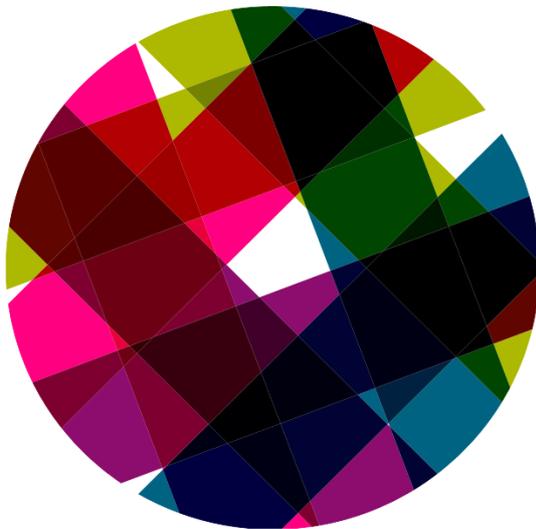


# Adjudicator's Office learning from complaints report September 2018:

## Escalation of complaints

### Executive Summary



### Overview

HMRC's complaints policy tells customers that they can have their complaint looked at twice, to give HMRC the opportunity to put things right, before referring the customer to the Adjudicators Office (AO).

The objective of our review was to ascertain if HMRC's process to escalate a customer's complaint, including escalation to the Adjudicator, is timely and appropriate.

We focussed on The Ombudsman's Association Principles of Good Administration, in particular:

*"Public bodies should provide services that are easily accessible to their customers. Policies and procedures should be clear and there must be accurate, complete and understandable information about the service."*

*Public bodies should aim to ensure that customers are clear about their entitlements; about what they can and cannot expect from the public body; and about their own responsibilities.*

*Public bodies should do what they say they are going to do. If they make a commitment to do something, they should keep to it, or explain why they cannot. They should meet their published service standards, or let customers know if they cannot.*

*Public bodies should behave helpfully, dealing with people promptly, within reasonable timescales and within any published time limits. They should tell people if things take longer than the public body has stated, or than people can reasonably expect them to take.”*

## **Sampling**

A sample of complaints was taken from across HMRC business areas, where HMRC’s complaint handling teams customers had responded to a customer’s complaint more than once before escalating the matters involved to the next level of resolution. Each case was reviewed in full, including the complaint handling process.

We used our 6 complaint classifications to consider HMRC’s handling of the complaints we reviewed:

1. Policy and Process (e.g. were processes followed correctly? Did process issues contribute to the complaint?)
2. Decision Making (e.g. was decision making fair, reasonable and consistent? Was the decision made at the right point?)
3. Customer Focus (e.g. did the complaint handler department show empathy and understanding? Was the impact on the customer acknowledged?)
4. Culture and Behaviours (e.g. were departmental values demonstrated? Did the complaint handler take ownership of the complaint?)
5. Communication (e.g. were communications clear? Was the tone of response appropriate?)
6. Complaint Procedures (e.g. did the department demonstrate learning from mistakes? Was the complaint procedure followed?)



## **Findings**

HMRC’s published standards on complaint resolution explains they will try to resolve a customer’s formal complaint through a two tier process. Our findings were that 10% of customer complaints had more than two attempts at resolution by HMRC and/or HMRC had



made multiple contacts with the customer at each tier. These additional contacts had neither resolved the case nor formally escalated it to the next level of consideration.

## Complaint policy and process

Findings came under these classifications:

Policy and Process

Communication

1. It is HMRC *policy* to make one attempt to resolve a complaint then a second. This policy intent is enacted through HMRC's tier 1 and tier 2 administrative *process*.

Policy reflected in customer facing advice on how HMRC will resolve complaints does not mention 'tier 1' or 'tier 2' (or explain the administrative steps involved). But HMRC make reference to 'tier x' interchangeably to talk about both policy and process, including in conversations and correspondence with customers.

When HMRC are not clear in communication to customers about where the complaint is in relation to the *policy*, it adds to the customer's frustration with the complaint *process*. This issue clearly causes confusion for customers.

## Application of guidance

The main findings were summarised into these classifications:

Policy and Process

Customer Focus

Complaint Procedures

1. The Parliamentary and Health Service Ombudsman's 'Principles of Good Administration' says:

*"Public bodies should provide services that are easily accessible to their customers. Policies and procedures should be clear and there must be accurate, complete and understandable information about the service."*

2. HMRC's two tier complaint process is clear that HMRC will look at a complaint twice before they advise the customer to escalate it to the Adjudicator. But HMRC's internal



guidance allows their people some discretion. An element of judgment is generally welcome, but it risks supporting a defensive attitude towards learning from customer feedback, and a potential barrier to service improvement.

If a customer is dissatisfied with the decision on their complaint, they have the right for it to be escalated. That choice should lie with the customer, not the complaint handler. When customers do not have their complaint escalated as expected, frustration becomes an additional element to the original complaint.

3. The use of judgment likely prevents accurate counting of complaints within the tiers, affecting HMRC's ability to detect and understand thematic/systemic issues across the department.

There is also the risk that failing to escalate complaints in a timely and effective manner when the customer requests it may mask the true escalation rate and scale of customer dissatisfaction.

### **Incorrect recording on HMRC's IT complaint system**

This topic is closely linked to the previous and falls under the classifications:

Policy and Process

Complaint Procedures

1. The section above related to additional contact by HMRC within an existing case delaying escalation and resolution. In this instance, subsequent correspondence was recorded incorrectly as a new tier 1 and/or tier 2 instead of as part of the existing/resolved complaint.

As with the previous heading, the outcome is delay to resolution, customer confusion and frustration, and the impact on reporting of total complaints received by HMRC.



## **Ongoing contact when the case is with the Adjudicator**

Findings came under these classifications:

Policy and Process

Complaint Procedures

1. We found instances where HMRC continued to respond to the customer once the complaint had escalated to the AO for resolution. This can be good customer service but if this is not done effectively, it is a cause of confusion to the customer and can add additional aspects of dissatisfaction to their complaint.

2. In order to effectively resolve a complaint, once a complaint has escalated to the next level of resolution activities at the previous level should stop. HMRC are responsible for effective management of customer expectation to ensure this is so. Failure to effectively manage this leads to delays to resolution and customer frustration.

## **Adjudicator's office independent review**

There was a single classification identified here:

Complaint Procedures

1. There is a tendency for HMRC to consider their report for the Adjudicator as a tier 3 - a third opportunity to review the complaint and to put things right for the customer.

2. The Adjudicator takes an independent view of the way HMRC attempts to resolve complaints, and is not a part of the internal complaint procedure. Abrogating responsibility for effective resolution to the Adjudicator undermines HMRC's commitment to our independence as set out in the Service Level Agreement, and to their own complaints policy to resolve complaints in two attempts.

## **MPs' role in complaints**

Aligned with the classifications:



Customer Focus

Communication

Complaint Procedures

1. One of the reasons the number of attempts at complaint resolution sometimes goes over the two attempt policy is where an MP makes enquiries about a customer's existing complaint. The numbers involved in the study were small in absolute terms.

2. Where an MP enquires on behalf of the customer, we saw HMRC create a new- separate- entry on their complaints IT system, specifically referred to as MP tier. These cases often entered into additional correspondence.

Under published policy, intermediaries such as MPs should have no effect on the efficient resolution or escalation of a complaint. Although the customer's approach to the MP is not in HMRC's hands, it is HMRC's responsibility to manage the complaint process and resolution of the complaint and to explain the process being followed and any subsequent delay to resolution to the customer.

3. In the evidence we saw, HMRC's handling of complaints from MPs sometimes delayed resolution via the Adjudicators Office. In addition, counting *complainants* (MP additional entries on HMRC's IT system as well as the customer) instead of *complaints*, could distort the actual number of complaints received by HMRC. This may cause an allocation of resources to improve customer service that is out of step with the actual levels of dissatisfaction.



## Recommendations

- All communication (particularly letters) between HMRC and a customer should be clear about the stage of the complaint process that has been reached. In particular, whether HMRC is seeking more information to reach a decision, or if a decision has been made and what the next stage of the process is.
- HMRC ensure their processes support policy.



- HMRC communicate to their staff the problems caused for customers by mixing policy and process.
- HMRC review the use of discretion, to ensure the customer's right to seek escalation of a complaint is not compromised and both assure data on recorded complaint numbers and to understand the reasons for any variability of approach across business areas.
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- HMRC explain clearly to customers where the department exercises judgement not to escalate a complaint. This should include explaining the impact of this decision on progression of the customer's complaint in relation to HMRC's published policy.
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- HMRC take Adjudicator's Office process changes as an opportunity to embed the published policy of carrying out a final review of the complaint at the second stage to ensure effective resolution.
- To ensure effective and timely resolution of complaints, receipt of enquiry correspondence from an MP on behalf of a customer should not delay escalation of an existing complaint. However, if this does happen, HMRC should clearly explain the delay and impact on resolution of the complaint to customers and their MP.

